

## Base Prospectus

### Arcade Finance p.l.c.

*(incorporated as a public limited company in Ireland with registered number 435310)*

### €40,000,000,000 Programme for the issue of Notes

It is intended that Arcade Finance p.l.c. (the “**Issuer**”) from time to time may issue notes (“**Notes**”) under the programme for the issue of Notes described herein (the “**Programme**”), subject to compliance with relevant laws, regulations and directives.

This document (this “**Base Prospectus**”) comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended, (the “**Prospectus Directive**”) and relevant implementing measures in Ireland. This Base Prospectus supersedes and replaces in its entirety the base prospectus for the Programme which was issued on 21 November 2012.

The Base Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area (the “**EEA**”).

Application will be made to the Irish Stock Exchange Limited (the “**Irish Stock Exchange**”) for certain Notes to be admitted to the Official List and trading on its regulated market. No assurance can be given that such applications will be successful.

In addition, Notes may be issued pursuant to the Programme which are listed on another stock exchange and/or admitted to trading on another market (which may or may not be regulated) and/or unlisted and/or not admitted to trading on any market, in each case as specified in the relevant Issue Terms (as defined below).

Notes may be issued on the terms set out in this Base Prospectus as may be completed by issue terms (the “**Issue Terms**”) entered into in connection therewith. Notes may also be issued under the Programme on terms set out in a separate prospectus or offering memorandum (each a “**Series Offering Document**”) relating to such Notes which incorporates by reference the whole or any part of this Base Prospectus. The Issuer will not issue any Notes having a denomination of less than EUR 100,000 (or its equivalent in any currency) under the Programme, unless such Notes (i) are not the subject of a public offer which requires the publication of a prospectus under the Prospectus Directive (an “**Exempt Offer**”), and (ii) are not listed on the Official List of the Irish Stock Exchange and are not admitted to trading on the regulated market of the Irish Stock Exchange or on any other regulated market in the EEA. A form of final terms is set out herein for the purposes of Article 22(5)(1a) of Commission Regulation (EC) No. 809/2004, as amended (the “**Final Terms**”). However, Issue Terms for the Notes, other than Notes which are subject to an Exempt Offer and which are not listed, shall be set out in the relevant Series Offering Document. Issue Terms for the Notes which are subject to an Exempt Offer and which are not listed shall not be final terms for the purposes of the Prospectus Directive and may or may not be in the form set out herein. References in this Base Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the Irish Stock Exchange’s regulated market and have been admitted to the Official List.

Any Series Offering Document may constitute a prospectus for the purposes of the Prospectus Directive and relevant implementing measures in Ireland and, in any such case, such fact will be stated in the relevant Series Offering Document. Any Series Offering Document which does not constitute a prospectus for such purposes may, following its initial issue and the issue of the Notes to which it relates, be restated and as so restated may constitute a prospectus for such purposes. Any reference to the Issue Terms of any Series of Notes shall, where a Series Offering Document is issued in connection with such Series, be deemed to be a reference to the terms and conditions of such Series as set out in such Series Offering Document.

Copies of each Series Offering Document will be available at the specified office set out below of the Issuer. In addition, a copy of each Series Offering Document in respect of a Series of Notes admitted to trading on the regulated market of the Irish Stock Exchange or the subject of a public offer within the EEA will be filed with the Central Bank.

The obligations of the Issuer under each Series of Notes will be secured by, *inter alia*, security interests in favour of the Trustee over the relevant Series Secured Assets (as defined in Condition 4(a)) as more particularly specified in the relevant Issue Terms. If the net proceeds of the enforcement of the security for a Series of Notes are insufficient to meet in full the claims of all relevant secured parties (in accordance with the relevant order of priorities), none of the other assets of the Issuer (if any) will be available to meet the insufficiency and any outstanding liability of the Issuer shall be extinguished upon such enforcement regardless of any such insufficiency.

Payments of principal and interest in respect of the Notes will be made subject to withholding tax (if any) applicable

to the Notes, without the Issuer being obliged to pay further amounts as a consequence.

The Notes will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes will not be obligations of, and will not be guaranteed by, the Arranger, the Dealers, any Agent (as defined in *Terms and Conditions of the Notes* herein), the Portfolio Manager or the Trustee.

Notes may be issued in bearer form or in registered form. Notes may be issued in definitive form or may be held and cleared through Euroclear Bank S.A./N.V. of 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**") or Clearstream Banking, société anonyme of 42 Avenue J.F. Kennedy, L-1855 Luxembourg, Luxembourg ("**Clearstream, Luxembourg**") or any other clearing system as may be specified in the relevant Issue Terms.

**Arranger and Dealer**  
**KBC Bank NV**

## INTRODUCTION

Information in relation to the Issuer is set out on pages 30 to 31 of this Base Prospectus. The terms of each Series of Notes of the Issuer (and related information) will be set out in the relevant Issue Terms, which should be read together with this Base Prospectus. This Base Prospectus should be read and construed in conjunction with each relevant Issue Terms and all other documents which are deemed to be incorporated by reference in the Base Prospectus and in the relevant Issue Terms.

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. None of the Trustee, Agents, Arranger, Dealers or Portfolio Manager accepts any responsibility for the information contained in this Base Prospectus.

The Issue Terms relating to a Series will (if applicable) contain information relating to any underlying equity security, index, commodity, currency, debt security or other item(s) (each a “**Reference Item**”) to which the relevant Notes relate and which is contained in such Issue Terms. However, unless otherwise expressly stated in an Issue Terms, any information contained therein relating to a Reference Item will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner or sponsor, as the case may be, of such Reference Item. The Issuer will, unless otherwise expressly stated in the applicable Issue Terms, confirm that such extracts or summaries have been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Reference Item, no facts have been omitted that would render the reproduced information inaccurate or misleading.

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

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Notes. The Dealers accept no liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Notes.

**This Base Prospectus (and any other information supplied in connection with the Notes) is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Notes, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and of the tax, accounting and legal consequences of an investment in any of the Notes for such investor. Each prospective purchaser of any of the Notes, in connection with their**

**primary distribution or otherwise, shall have such knowledge and experience in financial and business matters that it is capable of evaluating the merits, risks and suitability of investing in the Notes.**

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer or the Dealers to subscribe for, or purchase, any Notes. The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus come are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the “**Securities Act**”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain further restrictions on offers and sales of Notes and distribution of this Base Prospectus, see “*Subscription and Sale*”.

This Base Prospectus has been prepared on the basis that, except to the extent to which sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area (an “**EEA State**”) which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any of the Dealers has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “€” and “EUR” are to the Euro and “U.S.\$” and “USD” are to U.S. dollars.

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

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## OVERVIEW OF THE PROGRAMME

The following overview of the Programme is qualified in its entirety by the remainder of this Base Prospectus and, with respect to each Series of Notes, by the relevant Issue Terms. The Notes may be issued on such terms as may be agreed between the relevant Dealer(s) and the Issuer and, unless specified to the contrary in the relevant Issue Terms, will be subject to the Terms and Conditions set out below. The relevant Issue Terms will contain all relevant information concerning the Issuer and the Series of Notes to which it relates which does not appear in this Base Prospectus (as it may be supplemented from time to time – see “*Supplementary Information*” above).

This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of this Base Prospectus (including any documents incorporated herein by reference) as a whole, and also the relevant Issue Terms. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Issuer in any such Member State solely on the basis of this overview, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

<b>Issuer</b>	Arcade Finance p.l.c. The principal business activity of the Issuer is the issue of Series of Notes under the Programme and matters incidental and ancillary thereto. The Issuer has no employees and has four non-executive directors – see further “ <i>The Issuer</i> ” below.
<b>The Programme</b>	The Programme creates a framework under which the Issuer may issue Series of Notes from time to time. The proceeds of issue of each Series of Notes will be used by or on behalf of the Issuer in acquiring the Series Collateral (as defined in Condition 4(a)) specified in the relevant Issue Terms and forming part of the Series Secured Assets (as defined in Condition 4(a)) on the date of issue of such Series and/or in making payments to the relevant Swap Counterparty under the relevant Swap Agreement (if any).
<b>Arranger</b>	KBC Bank NV
<b>Dealers</b>	KBC Bank NV and any other Dealer appointed from time to time by the Issuer.  The name(s) of the Dealer(s) for each Series will be stated in the relevant Issue Terms.
<b>Trustee</b>	The Bank of New York Mellon
<b>Principal Paying Agent and Registrar</b>	The Bank of New York Mellon
<b>Listing Agent</b>	McCann FitzGerald Listing Services Limited
<b>Portfolio Manager</b>	KBC Asset Management NV
<b>Administration Agent</b>	KBC Asset Management NV

<b>Distribution</b>	Notes may be distributed by way of private or public placement and in each case on a non-syndicated or a syndicated basis.
<b>Currencies</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in the currency of any country as may be agreed by the Issuer and the relevant Dealer(s) on a case by case basis.
<b>Security</b>	Pursuant to the Supplemental Trust Deed and/or the Series Pledge Agreement (as defined in Condition 4(a)) relating to the relevant Series, the Notes of a Series shall be secured by security interests in favour of the Trustee over the Issuer's assets and property relating to such Series. Such security interests may include security interests over the relevant Series Collateral (as defined in Condition 4(a)), the cash standing to the credit of the relevant Series Cash Account (as defined in Condition 4(a)) and the Issuer's rights under the relevant Series Documents (other than the relevant Supplemental Trust Deed and Series Pledge Agreement). No security created by the Issuer in respect of any Series of Notes shall benefit holders of any other Series of Notes issued by it.
<b>Limited Recourse</b>	<p>Claims in respect of any shortfall remaining with respect to any Series of Notes of the Issuer after enforcement of the relevant Series Security (as defined in Condition 4(a)) and application of the proceeds thereof in accordance with the relevant Supplemental Trust Deed and the Conditions shall be extinguished and failure by the Issuer to make any payment in respect of any such shortfall shall in no circumstances constitute an Event of Default (as defined in Condition 14) under the Notes of any other Series.</p> <p>There is no intention to accumulate surpluses in the Issuer.</p>
<b>Form of Notes</b>	The Notes may be issued in bearer form only (" <b>Bearer Notes</b> ") or in registered form only (" <b>Registered Notes</b> "). Each Series of Bearer Notes will be represented by a temporary global note (each a " <b>Temporary Global Note</b> ") initially, unless the Principal Paying Agent is notified to the contrary by the Issuer. Such Temporary Global Notes will be deposited in the case of a Series intended to be cleared through Euroclear and/or Clearstream, Luxembourg, on the issue date with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. Temporary Global Notes representing Notes which are not listed on the Official List and admitted to trading on the regulated market of the Irish Stock Exchange or which are in respect of a Series intended to be cleared through a clearing system other than Euroclear or Clearstream, Luxembourg or delivered outside a clearing system, may be deposited in the manner agreed between the Issuer, the Principal Paying Agent and the relevant Dealer(s). No interest will be payable in respect of a Temporary Global Note except as described under " <i>Summary of Provisions Relating to the Notes while in Global Form</i> ". Interests in Temporary Global Notes will be exchangeable for interests in permanent global notes (each a " <b>Permanent Global Note</b> ") or, if so stated in the relevant Issue

Terms, for definitive notes (each a “**Definitive Note**”) in bearer or registered form, as set out in the relevant Issue Terms, in the case of Notes in bearer form after the date falling 40 days after the issue date upon certification as to non-U.S. beneficial ownership. Interests in Permanent Global Notes will be exchangeable for Definitive Notes in bearer form or registered form in the circumstances described under “*Summary of Provisions Relating to the Notes while in Global Form*”.

Each Series of Notes in registered form may be represented (i) by one or more Global Certificates in registered form without Coupons, deposited on the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee for Euroclear and Clearstream, Luxembourg or (ii) by Individual Certificates, as specified in the relevant Issue Terms. See “*Subscription and Sale*”. Global Certificates will be exchangeable for Individual Certificates in the limited circumstances set out therein. See “*Summary of Provisions Relating to Notes while in Global Form*”. References to “**Noteholder**” mean the bearer of any Bearer Note and the Coupons relating to it or the person in whose name a Registered Note is registered (as the case may be) and to “**holder**” (in relation to a Note or Coupon) means the bearer of any Bearer Note, Coupon or the person in whose name a Registered Note is registered (as the case may be).

**Denomination**

Notes will be in such denominations as may be specified in the relevant Issue Terms subject to a minimum denomination of (i) in the case of an offer which requires the publication of a prospectus under the Prospectus Directive or where a listing is required, €100,000 (or its equivalent in any currency as at the date of issue of the relevant Notes) and (ii) in every other case, €1,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

**Maturities**

Subject as set out below and in compliance with all relevant laws, regulations and directives, the Notes issued pursuant to the Programme will have a minimum maturity of one year and may also be issued with no fixed maturity and in perpetual form.

**Issue Price**

Notes may be issued at their principal amount or at a discount or premium to their principal amount.

**Method of Issue**

The Notes will be issued in one or more series (each a “**Series**” or “**Series of Notes**”). Further Notes may be issued as part of an existing Series.

**Fixed Rate Notes**

Fixed interest will be payable on the date or dates in each year specified in the relevant Issue Terms and at maturity.

**Floating Rate Notes**

Floating Rate Notes will bear interest at a rate determined either:

- (i) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or



(ii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),  
as indicated in the applicable Issue Terms.

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

#### **Interest Periods and Interest Rates**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both.

#### **Index Linked Notes**

Payments of interest in respect of Index Linked Interest Notes will be made by reference to a single index or a basket of indices and/or such formula as the Issuer and the relevant Dealer may agree (as indicated in the applicable Issue Terms).

Payments of principal in respect of Index Linked Redemption Notes will be calculated by reference to a single index or a basket of indices. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the applicable Issue Terms will be redeemed by payment of the Redemption Amount specified in the applicable Issue Terms, or if not so specified, as defined in the Terms and Conditions of the Notes.

If an Index Adjustment Event occurs, the Issuer may redeem the Notes as more fully set out under “*Terms and Conditions of the Notes*”.

#### **Equity Linked Notes**

Payments of interest in respect of Equity Linked Interest Notes will be calculated by reference to a single equity security or basket of equity securities on such terms as the Issuer and the relevant Dealer may agree (as indicated in the applicable Issue Terms).

Payments of principal in respect of Equity Linked Redemption Notes will be calculated by reference to a single equity security or a basket of equity securities. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the applicable Issue Terms will be redeemed by payment of the Redemption Amount specified in the applicable Issue Terms or, if not so specified, as defined in the Terms and Conditions of the Notes. Equity Linked Redemption Notes may also provide that redemption will be by physical delivery of a given number of Reference Item(s).

If Potential Adjustment Events and/or De-listing and/or Merger Event and/or Nationalisation and/or Insolvency and/or Tender Offer are specified as applying in the applicable Issue Terms, the Notes may be subject to adjustment or, if De-listing and/or Merger Event and/or Nationalisation and/or Insolvency and/or Tender Offer are specified as applying in the applicable Issue Terms, redeemed, all as more fully set out under “*Terms and Conditions of the Notes*”.

**Additional Disruption Events (*Index Linked Notes and Equity Linked Notes only*)**

If Additional Disruption Events are specified as applying in the applicable Issue Terms, the Notes will be subject to adjustment or may be redeemed upon the occurrence of any of the Additional Disruption Events specified as applying in the applicable Issue Terms.

**Dual Currency Notes**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Issue Terms).

**Zero Coupon Notes**

Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.

**Credit Linked Notes**

Notes with respect to which payment of principal and/or interest is linked to the credit of a specified entity or entities will be Credit Linked Notes and will be issued on such terms as the Issuer and the relevant Dealer may agree as indicated in the applicable Issue Terms (see also Condition 12).

If Conditions to Settlement are satisfied during the Notice Delivery Period, the Issuer will redeem the Notes at the Credit Event Redemption Amount, if Cash Settlement is specified in the applicable Issue Terms, or by delivery of the Asset Amount, if Physical Delivery is specified in the applicable Issue Terms, as more fully set out under “*Terms and Conditions of the Notes*”.

**Currency Linked Notes**

Payments (whether in respect of principal or interest and/or whether at maturity or otherwise) in respect of Currency Linked Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree (as indicated in the applicable Issue Terms).

**Commodity Linked Notes**

Payments (whether in respect of principal or interest and/or whether at maturity or otherwise) in respect of Commodity Linked Notes will be calculated by reference to a single commodity or basket of commodities on such terms as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Issue Terms).

**Redemption Amounts**

The applicable Issue Terms relating to each Series of Notes will indicate either that the Notes of such Series cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default or on an illegality or as a consequence of the early termination of the related Swap Agreement (if any) or as a consequence of the acceleration or default of the relevant Series Collateral or, in the case of Index Linked Notes, following an Index Adjustment Event, or, in the case of Equity Linked Notes and if so specified as applying in the applicable Issue Terms, following a De-listing and/or Merger Event and/or Nationalisation and/or Insolvency and/or Tender Offer, or, in the case of Index Linked Notes or Equity Linked Notes and if so specified in the applicable Issue Terms, following an Additional Disruption Event or, in the case of Credit Linked Notes and if so specified as applying in the

applicable Issue Terms, following a Merger Event) or that such Notes will be redeemable at the option of the Issuer ("**Issuer Call**") and/or the Noteholders ("**Investor Put**") upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Issue Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Issue Terms.

The applicable Issue Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Issue Terms.

#### **Other Notes**

Issue Terms applicable to any other type of Note which the Issuer and any Dealer or Dealers may agree to issue will be set out in the relevant Issue Terms.

#### **Taxation**

If Condition 22(a) is specified as applicable in the applicable Issue Terms, all payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within Ireland subject as provided in Condition 22(a). In the event that any such deduction is made, the Issuer will be required to pay additional amounts to cover the amounts so deducted.

If Condition 22(b) is specified as applicable in the applicable Issue Terms, the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

#### **Status of Notes**

Notes of a Series may be issued as senior ranking notes of such Series ("**Senior Notes**"), mezzanine ranking notes of such Series, which may be divided into eight sub-classes of Notes – see further Condition 3 (together "**Mezzanine Notes**") or subordinate ranking Notes of such Series ("**Subordinated Notes**"). The Notes and the Coupons of each Series will be secured obligations of the Issuer and, if specified in the relevant Issue Terms as Senior Notes, rank and will rank *pari passu* without any preference among themselves and senior to the Mezzanine Notes and Subordinated Notes (if any) of the relevant Series. If Notes are specified in the relevant Issue Terms as Mezzanine Notes of a particular class, they will rank *pari passu* without any preference among themselves and senior to any lower ranking classes of Mezzanine Notes of such Series and the Subordinated Notes of such Series (if any) but subordinate to any higher ranking classes of Mezzanine Notes of such Series and the Senior Notes of such Series. If Notes are specified in the relevant Issue Terms as Subordinated Notes, they will rank *pari passu* and without any preference among themselves and subordinate to the Senior Notes and the Mezzanine Notes of the relevant Series. The Notes of each Series represent limited recourse obligations of the Issuer.

Recourse in respect of any Series of Notes will be limited to the Series Secured Assets relating to that Series. Claims of Noteholders of a Series and, if applicable, any Swap Counterparty to any related Swap Agreement shall rank in accordance with the priorities specified in the relevant Supplemental Trust Deed.

**Restrictions**

So long as any of the Notes of any Series remain outstanding, the Issuer will not, without the consent of the Trustee, or except as contemplated by the Conditions and the Programme Documents, incur any other indebtedness for borrowed moneys, engage in any business, declare any dividends, have any employees or have any subsidiaries. See *“Terms and Conditions of the Notes – Restrictions”*.

**Cross Default**

The Conditions of each Series of Notes will not contain any cross default provision.

**Listing**

Notes of a Series may be admitted to the Official List of the Irish Stock Exchange and to trading on the regulated market of the Irish Stock Exchange or as otherwise specified in the relevant Issue Terms. Further, the relevant Issue Terms may specify that a Series of Notes may not be listed on any stock exchange, or may be listed on one or more stock exchanges other than the Irish Stock Exchange and/or may be admitted to trading on one or more markets other than the regulated market of the Irish Stock Exchange or may not be admitted to trading on any market.

**Governing Law**

The Notes of each Series (including the Global Notes and the Global Certificates) and the Coupons shall be governed by Irish law.

## **RISK FACTORS**

### **General**

*The following is a summary and is not intended to be an exhaustive description of all of the risks and investment considerations relevant to an investment in any Notes. Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. In particular, investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as underlying securities for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules. The following investment considerations, alone or collectively, may reduce the return on the Notes and could result in the loss of all or a portion of a Noteholder's investment in the Notes. Each prospective purchaser of Notes is solely responsible for making its own independent appraisal of all such matters and such other matters as the prospective purchaser deems appropriate, in determining whether to purchase Notes and that an investment in the Notes is suitable for its investment purposes.*

### **Risks Relating to the Notes**

#### **Limited Recourse**

The Notes of each Series will be limited recourse obligations of the Issuer secured on the Series Secured Assets (as defined in Condition 4(a)) and will not be obligations or responsibilities of, or guaranteed by, any other person or entity. The Issuer is a special purpose company established, *inter alia*, for the purpose of issuing Notes under the Programme. The holders of the Notes and Coupons of any Series shall have no recourse to the Issuer beyond the moneys derived by or on behalf of the Issuer in respect of the relevant Series Secured Assets. Any shortfall on realisation of the relevant Series Security (as defined in Condition 4(a)) shall be borne by the Noteholders and the Couponholders of that Series.

Further, the Trustee and the Noteholders will not be entitled at any time to petition or take any other step for the winding-up of, or the appointment of an examiner to, the Issuer. No person other than the Issuer will be obliged to make payments on the Notes.

#### **Early Redemption for Tax or Legal Reasons**

The Issuer may for specified tax or legal reasons, as detailed in Condition 7(b), (c) and (h) or as otherwise provided in the relevant Supplemental Trust Deed (as defined under "*Terms and Conditions of the Notes*" below), upon giving notice to Noteholders, redeem all Notes of a Series earlier than the Maturity Date.

#### **No Tax Gross-Up on Certain Issues of Notes**

If Condition 22(b) is specified as applicable in the applicable Issue Terms, the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

## **Modification, Waivers and Substitution**

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

The Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders (but shall not be obliged to), agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default (each as defined in the Master Trust Deed (as defined in “*Terms and Conditions of the Notes*” below) shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer.

## **The Calculation Agent**

The Calculation Agent is required to calculate certain amounts in relation to the Notes. Noteholders may receive different distributions and/or payments as a result of roundings effected by the Calculation Agent.

## **Market, Liquidity and Yield Considerations**

Notes may not have an established trading market when issued. There can be no assurance of a secondary market for any Notes or the liquidity of such market if one develops. Consequently, investors may not be able to sell their Notes readily or at prices that will enable them to realize a yield comparable to that of similar instruments, if any, with a developed secondary market.

## **Legality of Purchase**

None of the Issuer, the Trustee, the Arranger or any Dealer, nor any affiliate of such persons has or assumes responsibility for the lawfulness of the acquisition of the Notes of any Series by a prospective purchaser of such Notes (whether for its own account or for the account of any third party), whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser (or any such third party) with any law, regulation or regulatory policy applicable to it.

## **Denomination**

Notes will be in such denominations as may be specified in the relevant Issue Terms subject to a minimum denomination of (i) in the case of an offer which requires the publication of a prospectus under the Prospectus Directive or where a listing is required, €100,000 (or its equivalent in any currency as at the date of issue of the relevant Notes) and (ii) in every other case, €1,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

## **Priority of Claims**

The ranking of the relative claims of, inter alios, the Noteholders of a Series and the Swap Counterparty (if any) over the Series Secured Assets will be specified in the applicable Issue Terms. The claims of the Swap Counterparty (if any) may rank senior to those of Noteholders. The claims of the Trustee for its fees and expenses with respect to a series rank senior to the claims of the Noteholders of such Series.

## **Risks Relating to Particular Series of Notes**

### **The Notes may not be a Suitable Investment for all Investors**

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement and all the information contained in the applicable Issue Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal and/or interest payable in one or more currencies, or where the currency for principal and/or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, an investment in the Equity Linked Notes, Index Linked Notes, Commodity Linked Notes, Credit Linked Notes, Currency Linked Notes (each as defined below) or other Notes linked to one or more Reference Item(s), may entail significant risks not associated with investments in a conventional debt security, including but not limited to, the risks set out below.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **Wide Range of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features. Potential purchasers of Notes should be aware that the range of Notes that may be issued under the Programme is such that the following statements are not exhaustive with respect to the types of Notes that may be issued under the Programme and any particular Series of Notes may have additional risks associated with it that are not described below.

### **Notes Subject to Optional Redemption by the Issuer**

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

In respect of Notes which are conventional debt securities, the Issuer may be expected to redeem such Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a

significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### **Dual Currency Notes**

Dual Currency Notes may be redeemable by payment of either the par value amount or an amount determined by reference to the value of the Reference Item(s), which may be less than the par value amount. Interest payable on Dual Currency Notes may be calculated by reference to the value of one or more Reference Item(s).

### **Equity Linked Notes**

The Issuer may issue Notes where the amount of principal ("**Equity Linked Redemption Notes**") and/or interest ("**Equity Linked Interest Notes**") payable is dependent upon the price of or changes in the price of an equity security or a basket of equity securities or where, depending on the price of or change in the price of an equity security or a basket of equity securities, on redemption the Issuer's obligation is to deliver specified assets (together "**Equity Linked Notes**").

Potential investors in any such Notes should be aware that, depending on the terms of the Equity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, movements in the price of the equity security or basket of equity securities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the equity security or equity securities may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price of the equity security or equity securities, the greater the effect on yield.

If the amount of principal and/or interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the equity security or equity securities on principal and/or interest payable will be magnified.

If Disrupted Day is specified as applying in the applicable Issue Terms, the Calculation Agent may determine that an event giving rise to a Disrupted Day (as defined in the Terms and Conditions of the Notes) has occurred at any relevant time. Any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay (i) any applicable interest payments, in the case of Equity Linked Interest Notes, or (ii) settlement in the case of Equity Linked Redemption Notes. Prospective purchasers should review the Terms and Conditions of the Notes and the applicable Issue Terms to ascertain whether and how such provisions apply to the Notes.

If De-listing and/or Merger Event and/or Nationalisation and/or Insolvency and/or Tender Offer are specified as applying in the applicable Issue Terms, prospective purchasers should note that the Issuer may redeem the Notes early at the Early Redemption Amount specified in the applicable Issue Terms.

In respect of Equity Linked Notes relating to an equity security or equity securities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such equity security or equity securities is/are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, prospective purchasers should note that the Calculation Agent will adjust any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of the Terms and Conditions and/or the applicable Issue Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. Prospective purchasers should also note that the



Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the relevant Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the relevant Valuation Time.

Where the Notes provide for physical delivery, the Calculation Agent may determine that a Settlement Disruption Event is subsisting. A Settlement Disruption Event is an event beyond the control of the Issuer, as a result of which, in the opinion of the Calculation Agent, delivery of the specified assets to be delivered by or on behalf of the Issuer in accordance with the Terms and Conditions of the Notes and/or the applicable Issue Terms, is not practicable. Any such determination may affect the value of the Notes and/or may delay settlement in respect of the Notes.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption date, the volatility of the equity security or equity securities, the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant equity security or equity securities as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such securities may be traded.

### **Index Linked Notes**

The Issuer may issue Notes where the amount of principal ("**Index Linked Redemption Notes**") and/or interest ("**Index Linked Interest Notes**") payable is dependent upon the level, or changes in the level, of an index or a basket of indices (together "**Index Linked Notes**").

Potential investors in any such Notes should be aware that, depending on the terms of the Index Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their principal investment. In addition, movements in the level of the index or basket of indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an index or result of a formula, the greater the effect on yield.

If the amount of principal and/or interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the index or the indices on principal and/or interest payable will be magnified.

If Disrupted Day is specified as applying in the applicable Issue Terms, the Calculation Agent may determine that an event giving rise to a Disrupted Day has occurred at any relevant time. Any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay (i) any applicable interest payments, in the case of Index Linked Interest Notes, or (ii) settlement, in the case of Index Linked Redemption Notes. Prospective purchasers should review the Terms and Conditions of the Notes and the applicable Issue Terms to ascertain whether and how such provisions apply to the Notes.

If an Index Adjustment Event occurs, prospective purchasers should note that the Issuer may redeem the Notes early at the Early Redemption Amount specified in the applicable Issue Terms.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption date and the volatility of the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the index or indices may be traded.

## Commodity Linked Notes

The Issuer may issue Notes where the amount of principal ("**Commodity Linked Redemption Notes**") and/or interest ("**Commodity Linked Interest Notes**") payable is dependent upon the price of or changes in the price of a commodity or a basket of commodities or where, depending on the price or change in the price of the commodity or basket of commodities, on redemption the Issuer's obligation is to deliver specified assets (together "**Commodity Linked Notes**").

Potential investors in any such Notes should be aware that depending on the terms of the Commodity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of the commodity or basket of commodities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the commodity or commodities may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices of the commodities, the greater the effect on yield.

If the amount of principal and/or interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the commodity or commodities on principal, interest payable or the amount of specified assets deliverable will be magnified.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the price of the commodity or commodities. The price of the commodity or commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any such commodities may be treated.

## Credit Linked Notes

In the event of the occurrence of certain circumstances (which may include, amongst other things, Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring) in relation to a Reference Entity or Reference Entities, in each case as specified in the applicable Issue Terms, the obligation of the Issuer to pay principal may be replaced by an obligation to pay other amounts, which may be less than the par value amount, calculated by reference to the value of the Reference Item(s) and/or to deliver the Reference Item(s). In addition, interest bearing Credit Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstances. The Issuer may issue Credit Linked Notes linked to the performance of two or more Reference Entities where the obligation of the Issuer to pay principal may be replaced by an obligation to pay other amounts, which may be less than the par value amount, calculated by reference to the value of the Reference Item(s) and/or to deliver the Reference Item(s), in each case, in relation to the first Reference Entity in respect of which a Credit Event has occurred ("**First to Default Credit Linked Notes**"). The Issuer may issue Credit Linked Notes linked to the performance of a portfolio of Reference Entities where the amount of principal and interest (if any) payable by the Issuer pursuant to such Credit Linked Notes is dependent on whether a Credit Event in respect of one or more Reference Entities has occurred ("**Portfolio Credit Linked Notes**").

If Merger Event is specified as applying in the applicable Issue Terms, prospective purchasers should note that, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may redeem the Notes early at the Early Redemption Amount specified in the applicable Issue Terms.

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

### **Currency Linked Notes**

The Issuer may issue Notes where the amount of principal ("**Currency Linked Redemption Notes**") and/or interest ("**Currency Linked Interest Notes**") payable is dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Notes are denominated (together "**Currency Linked Notes**").

Potential investors in any such Notes should be aware that, depending on the terms of the Currency Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time or in a different currency than expected and (iii) they may lose all or a substantial portion of their investment. In addition, movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in currency exchange rates, the greater the effect on yield.

If the amount of principal and/or interest payable is dependent upon movements in currency exchange rates and is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on principal or interest payable will be magnified.

The market price of such Notes may be volatile and, if the amount of principal and/or interest payable is dependent upon movements in currency exchange rates, may depend upon the time remaining to the redemption date and the volatility of currency exchange rates. Movements in currency exchange rates may be dependent upon economic, financial and political events in one or more jurisdictions.

### **Partly-Paid Notes**

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

### **Variable Rate Notes with a Multiplier or other Leverage Factor**

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

### **Inverse Floating Rate Notes**

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the London Interbank Offered Rate (LIBOR). The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

## **Capped Floating Rate Notes**

Capped Floating Rate Notes usually have an interest rate equal to the sum of a reference rate such as LIBOR and the specified margin (if any) subject to a maximum specified rate. The maximum amount of interest payable in respect of these Notes will occur when the sum of the reference rate and the specified margin (if any) equals the maximum specified rate. Investors in Capped Floating Rate Notes will therefore not benefit from any increase in the relevant reference rate which, when the specified margin is added to such reference rate, would otherwise cause such interest rate to exceed the maximum specified rate. The market value of these Notes would therefore typically fall the closer the sum of the relevant reference rate and the margin is to the maximum specified rate.

## **Fixed/Floating Rate Notes**

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

## **Notes Issued at a Substantial Discount or Premium**

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

## **Risks Relating to the Issuer**

### **The Issuer is a Special Purpose Vehicle**

The Issuer's primary business is the raising of money by issuing Notes for the purposes of purchasing financial assets and entering into related derivatives and other contracts. The Issuer has, and will have, no assets other than its issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of each Series of Notes or entry into other obligations from time to time (and any related profits and the proceeds of any deposits and investments made from such fees) and any assets on which Notes of a Series or other obligations are secured.

### **No Regulation of the Issuer by any Regulatory Authority**

The Issuer is not required to be licensed, registered or authorised under any current securities, commodities or banking laws of its jurisdiction of incorporation and will operate without supervision by any authority in any jurisdiction. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by such regulatory authority could have an adverse impact on the Issuer or the holders of Notes.

An investment in any Notes does not have the status of a bank deposit and is not within the scope of any deposit protection scheme.

## **Fixed/Floating Security**

Under Irish law, for a charge to be characterised as a fixed charge, it must be expressed to be such and the charge holder must be entitled to and must in practice exercise the requisite level of control over the assets purported to be charged and the proceeds of such assets including any bank account into which such proceeds are paid. A security interest expressed to be of a fixed nature may be recharacterised as floating by an Irish court if the court determines that all of the above features are not present throughout the life of the arrangements.

Although certain of the security to be granted by the Issuer over Series Secured Assets in favour of the Trustee pursuant to the Trust Deed and/or Series Pledge Agreement (as defined in "*Terms and Conditions of the Notes*" below) may be expressed to be of a fixed nature, there can be no assurance that a court would not nevertheless recharacterise such security as floating. The priority of the holder of floating security is more vulnerable than that of the holder of fixed security in certain circumstances. See further "*Preferred creditors under Irish law*" below.

## **Preferred Creditors under Irish Law**

Under Irish law, upon an insolvency or examinership of an Irish company such as the Issuer when applying the proceeds of assets subject to fixed security which have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which includes any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which have been approved by the Irish courts.

The interest of secured creditors in property and assets of an Irish company over which there is a floating charge only will rank behind the claims of certain preferential creditors on enforcement of such security. Preferential creditors include the Revenue Commissioners of Ireland, statutory redundancy payments due to employees (including where those employees have been made redundant as a result of the liquidation of the borrower) and money due to be paid by the Irish company in respect of employers contributions under any pension scheme.

The holder of a fixed security over the book debts of an Irish tax resident company (which would include the Issuer) may be required by the Revenue Commissioners of Ireland, by notice in writing from the Revenue Commissioners of Ireland, to pay to them sums equivalent to those which the holder received in payment of debts due to it by the company. Where the holder of the security has given notice to the Revenue Commissioners of Ireland of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Revenue Commissioners of Ireland's notice to the holder of fixed security.

The Revenue Commissioners of Ireland may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Revenue Commissioners of Ireland has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of an Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

## **Examinership**

Examinership is a court moratorium/protection procedure available under Irish company law. An examiner may be appointed to a company which is likely to be insolvent if the court is satisfied that there is a reasonable prospect of the survival of the company and all or part of its undertaking as a going concern. During the examinership period (70 days, or longer in certain circumstances) the company is protected from most forms of enforcement procedure and the rights of its secured creditors are largely suspended. Accordingly, if an examiner is appointed to the Issuer, the Trustee would be precluded from enforcing the security over any Series Secured Assets during the period of the examinership. An examiner has various powers during the examinership period, including power to deal with charged property of the company, repudiate certain contracts, and incur borrowing costs and other expenses some of which will take priority over rights of secured creditors. If the examiner concludes that it would facilitate the survival of the company as a going concern, he must formulate proposals for a compromise or scheme of arrangement in relation to the company. The members and creditors of the company will have an opportunity to consider any such proposals, and the proposals require court approval. A compromise or scheme of arrangement, if confirmed by the court, is binding on creditors (including secured creditors) and may result in amounts payable to creditors (including secured creditors) being reduced.

## **International Financial Reporting Standards**

The Issuer's Irish corporation tax position depends to a significant extent on the accounting treatment applicable to the Issuer. The accounts of the Issuer are required to comply with International Financial Reporting Standards ("IFRS") or with generally accepted accounting principles in Ireland ("Irish GAAP") which has been substantially aligned with IFRS. Companies such as the Issuer might, under either IFRS or Irish GAAP, be forced to recognise in their accounts movements in the fair value of assets that could result in profits or losses for accounting purposes which bear little relationship to the company's actual cash position. These movements in value may generally be brought into the charge to tax (if not relieved) as a company's tax liability on such assets broadly follows the accounting treatment. However, the taxable profits of a qualifying company within the meaning of section 110 of the Taxes Consolidation Act of Ireland 1997, as amended, (which it is anticipated that the Issuer will be) will be based on the profits that would have arisen to the company had its accounts been prepared under Irish GAAP as it existed at 31 December 2004. It is possible to elect out of such treatment and such election, if made, is irrevocable. If the Issuer makes such an election, then taxable profits or losses could arise to the Issuer as a result of the application of IFRS or current Irish GAAP that are not contemplated in the cash-flows for the transaction and as such may have a negative effect on the Issuer and its ability to make payments to the Noteholders. The Issuer will covenant in Clause 10.29 of the Master Trust Deed that, if its cash flows would thereby be affected adversely, no such election will be made.

## **Risks Relating to the Series Secured Assets**

### **No Investigations**

No investigations, searches or other enquiries have been or will be made by or on behalf of the Issuer or the Trustee in respect of any Series Secured Assets. Unless otherwise provided in the relevant Series Documents (as defined in Condition 4(a)), no representations or warranties, express or implied, have been or will be given by the Issuer, the Arranger, any Dealer, the Trustee or any other person on their behalf in respect of any Series Secured Assets.

### **Series Secured Assets**

Noteholders may be exposed to the market price of the relevant Series Secured Assets on which the relevant Notes are secured. The Issuer may have to fund its payments in respect of a Series of Notes by the sale of the relevant Series Secured Assets at a market value and the nominal amount of the

Series Secured Assets will be reduced by the principal amount of the Series Secured Assets sold. The market price of the Series Secured Assets will generally fluctuate with, among other things, the liquidity and volatility of the financial markets, general economic conditions, changes in prevailing interest rates, domestic and international political events, developments or trends in a particular industry and the financial condition of the issuer or obligor of the Series Secured Assets. The Dealers may have acquired, or during the terms of the relevant Series of Notes may acquire, confidential information with respect to any relevant Series Secured Assets and, if so, they shall not be under any duty to disclose such confidential information to any Noteholder of the relevant Series.

### **Default and Concentration Risk**

The risk that payments on any Series of Notes could be adversely affected by defaults on the Series Secured Assets for such Series of Notes is likely to be increased to the extent that the relevant Series Secured Assets are concentrated in any one industry, region or country as a result of the increased potential for correlated defaults in respect of a single industry, region or country as a result of downturns relating generally to such industry, region or country. To the extent that a default occurs with respect to any security comprised in the Series Secured Assets and the Issuer sells or otherwise disposes of such security, it is not likely that the proceeds of such sale or disposition will be equal to the full amount of principal and interest thereon. Should increases in default rates occur with respect to the types of collateral comprised in any Series Secured Assets, the actual default rates of such collateral may exceed any hypothetical default rates assumed by investors in determining whether to purchase Notes of the relevant Series.

### **Custody Arrangements**

In circumstances where a charge under Irish law is expressed to be taken over Series Secured Assets and the relevant Series Secured Assets are held by or through the Custodian through a clearing system or where the Series Secured Assets are held outside Ireland, any security over such Series Secured Assets may take the form of an assignment by way of security of the Issuer's rights against the Custodian under the Agency Agreement to the extent that such rights relate to the relevant Series Secured Assets, rather than a charge over the relevant Series Secured Assets themselves.

Where Series Secured Assets are held by a sub-custodian on behalf of the Custodian, such Series Secured Assets will be held pursuant to separate agreements which may vary in relation to any particular Custodian and/or sub-custodian and which may not be governed by Irish law and security interests (if any) in respect of such Series Secured Assets may be created pursuant to separate agreements which may not be governed by Irish law. The Custodian will not necessarily be responsible for the acts, omissions, insolvency or dissolution of a sub-custodian. However, where no security is taken over these separate arrangements or over the relevant Series Secured Assets themselves, the insolvency or dissolution of the Custodian or the sub-custodian may affect the ability of the Issuer to meet its obligations under the Notes.

### **Risks Relating to the Counterparties**

#### **Reliance on Creditworthiness of Other Parties**

If a Swap Agreement (as defined under "*Terms and Conditions of the Notes*") is entered into by the Issuer in connection with the Notes of any Series, the ability of the Issuer to meet its obligations under such Notes may depend on the receipt by it of payments under that Swap Agreement. Consequently, in such circumstances, the Issuer is exposed to the ability of the relevant Swap Counterparty (as defined under "*Terms and Conditions of the Notes*") (if any) to perform its obligations in respect of the relevant Swap Agreement.

The receipt by the Issuer of payments under a Swap Agreement may also be dependent on the timely payment by the Issuer of its obligations under that Swap Agreement. The ability of the Issuer to make timely payment of its obligations under the relevant Swap Agreement may depend on receipt by it of the scheduled payments under the relevant Series Collateral. Consequently, the Issuer may also be exposed to the ability of the issuer of the relevant Series Collateral to perform its payment obligations.

If acquired, Series Collateral (as defined in Condition 4(a)) will be held in an account of, and in the name of, the Custodian. Where Collateral consists of assets other than securities, it may be held in the name of or under the control of the Custodian or in such other manner as is approved by the Trustee. The Custodian may be responsible under the Agency Agreement for receiving payments on Series Collateral and remitting them as may be required in the context of the relevant Notes.

### **Trustee Conflicts of Interest**

In connection with the exercise of its functions, the Trustee shall have regard to the interests of the Noteholders of a Series as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders of the relevant Series and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

In acting as Trustee under the Trust Deed, the Trustee shall not, in respect of Notes of any Series, assume any duty or responsibility to any Swap Counterparty (other than to pay to any Swap Counterparty any moneys received and payable to it and to act in accordance with the provisions of Condition 4) and shall have regard solely to the interests of the Noteholders of the relevant Series and shall not be obliged to act on any directions of the Swap Counterparty if this would in the Trustee's opinion be contrary to the interests of the Noteholders or Couponholders of the relevant Series.

### **Business Relationships and Capacity of KBC Bank NV**

The Issuer, KBC Bank NV and any of its affiliates may have existing or future business relationships with any Swap Counterparty or obligor of any Series Collateral (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect its or their interests arising therefrom without regard to the consequences for a Noteholder of any Series. In addition, the Issuer, KBC Bank NV and any of its affiliates may make a market or hold positions in respect of any Series Collateral relating to any particular transaction. From time to time, KBC Bank NV and its affiliates may own significant amounts of Notes issued under the Programme.

KBC Bank NV and its affiliates may act in a number of capacities in respect of a Series of Notes issued under the Programme including, without limitation, Dealer, Calculation Agent and Swap Counterparty. KBC Bank NV and its affiliates acting in such capacities in connection with any Series of Notes shall have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. KBC Bank NV and its affiliates in their various capacities in connection with the Notes of any Series may enter into business dealings, from which they may derive revenues and profits in addition to any fees, without any duty to account therefor.

### **Reliance on the Portfolio Manager**

KBC Asset Management NV has been appointed by the Issuer, pursuant to a portfolio management agreement entered into on 28 March 2008 as most recently amended and restated on 11 March 2011 (the "**Portfolio Management Agreement**") between the Issuer and KBC Asset Management NV (in such capacity, the "**Portfolio Manager**"), to manage and service the Series Secured Assets with



respect to each Series on behalf of the Issuer, including executing the acquisition and disposal of securities comprised therein, subject to compliance with the applicable provisions of the relevant Trust Deed. In undertaking this role, the Portfolio Manager may review such available public information relating to the obligors of the relevant securities as it considers appropriate in its absolute discretion. Such review may not include due diligence of the kind common in relation to a primary securities offering.

The performance of any investment in any Series of Notes in respect of which the Portfolio Manager is responsible for servicing and managing the relevant Series Secured Assets will be dependent on, *inter alia*, the ability of the Portfolio Manager to manage and service the relevant Series Secured Assets and the performance by the Portfolio Manager of its obligations under the Portfolio Management Agreement.

Although the Portfolio Manager will be required, pursuant to the terms of the Portfolio Management Agreement, to maintain such equipment, materials and expertise, and employ such professional and other personnel, as shall be necessary to perform the services thereunder, the Portfolio Manager will not be required to devote all of its time to such affairs and may continue to advise other investment funds and accounts or provide other management and advisory services to other funds or accounts in the future.

### **Risks Relating to the Market Generally**

Set out below is a brief description of certain market risks:

#### **The Secondary Market Generally**

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions, whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. The Issuer cannot predict if and when these circumstances will change and, if and when they do, whether conditions of general market liquidity for the Notes and instruments similar to the Notes will return in the future.

#### **Exchange Rate Risks and Exchange Controls**

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

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

### **Interest Rate Risks**

Investment in Notes issued under the Programme may involve the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

### **Credit Ratings may not Reflect all Risks**

One or more independent credit rating agencies may assign credit ratings to a Series of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes of the relevant Series. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### **Other Risks**

#### **Market Crisis and Governmental Intervention**

The global financial markets have recently undergone pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention was in certain cases implemented on an "emergency" basis without much or any notice with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions were sometimes unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets. However, as there is a high likelihood of significantly increased regulation of the global financial markets, such increased regulation could have a material effect on the performance of the Notes.

#### **Euro and Eurozone Risk**

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect the value of Notes.

As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility (the "EFSF") and the European Financial Stability Mechanism (the "EFSM") to provide funding to Eurozone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Eurozone countries to establish a permanent stability mechanism, the European Stability Mechanism (the "ESM") to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries. As of 1 July 2013, the ESM is the sole and permanent mechanism for responding to new requests for financial assistance by Eurozone countries.

Despite these measures, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in

one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of Euro denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes.

### **Priority of Payments**

The validity and enforceability of certain provisions in contractual priorities of payments which purport to alter the priority in which a particular secured creditor is paid as a result of the occurrence of one or more specified trigger events, including the insolvency of such creditor ("**Flip Clauses**"), have been challenged recently in the English and U.S. courts on the basis that the operation of a Flip Clause as a result of such creditor's insolvency breaches the "anti-deprivation" principles of English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency.

Whereas the English courts have upheld the validity of a Flip Clause, the U.S. courts have held that such a provision is unenforceable under the U.S. Bankruptcy Code. The Flip Clause examined in the English and American courts is similar in substance to the provisions in the priorities of payments in the Conditions, in particular with respect to "Swap Subordinated Amounts". Flip Clauses have not been considered by the Irish courts and there is uncertainty as to whether the Irish courts would uphold the enforceability of a Flip Clause or give any effect to any New York court or English court judgement in relation to a Flip Clause.

### **Regulatory Risks**

#### **General**

Regulatory changes could occur over the course of the life of the Notes that may adversely affect the Issuer. The regulatory environment for entities such as the Issuer is evolving, and changes in the regulation of the Issuer may reduce the return on the Notes. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Certain regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions if market emergencies occur. The regulation of derivatives transactions and vehicles that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Issuer could be substantial and adverse.

#### **EMIR**

The European Market Infrastructure Regulation EU 648/2012 ("**EMIR**") entered into force on 16 August 2012. EMIR aims to increase stability in OTC derivatives markets and includes measures to require the clearing of certain OTC derivatives through central clearing counterparties and to increase the transparency of OTC derivatives. EMIR introduces certain requirements in respect of derivative contracts entered into by certain financial counterparties ("**FCs**"), such as European investment firms, alternative investment funds, credit institutions and insurance companies, and counterparties who are not FCs ("**NFCs**"). In connection with EMIR, various technical standards have now come into force, however, certain critical technical standards remain outstanding, including those addressing which classes of OTC derivative contracts will be subject to the clearing obligation and the scope of collateralisation obligations in respect of OTC derivative contracts which are not cleared. FCs will be subject to a general obligation to clear all "eligible" OTC derivative contracts through a duly authorised or recognised central counterparty (the "**Clearing Obligation**"), to report the details of all derivative contracts to a trade repository and undertake certain risk mitigation techniques in respect of OTC derivative contracts which are not subject to the Clearing Obligation (the "**Risk Mitigation Obligation**"), such as the timely confirmation of the terms of the OTC derivative contracts, portfolio reconciliation and compression and the implementation of dispute resolution procedures.

NFCs are subject to certain Risk Mitigation Obligations. NFCs are exempted from the Clearing Obligation and certain additional Risk Mitigation Obligations, such as the posting of collateral, as long as they do not exceed the applicable clearing thresholds established by the regulatory technical standard for the relevant class of OTC derivative contracts. OTC derivative contracts which are objectively measurable as reducing risks directly related to commercial activity or treasury financing activity of an NFC or the group to which it belongs (the "**Hedging Exemption**") will not be included towards the clearing thresholds. If the Issuer is considered to be a member of a "group" (as defined in EMIR) or otherwise no longer makes use of the Hedging Exemption, there is a risk of it becoming subject to the Clearing Obligation and such additional Risk Mitigation Obligations. It may not be possible for the Issuer to know if any of the thresholds have been exceeded or if it has become part of a "group" for the purposes of EMIR and this status in any event may be subject to change. In the event that the Issuer exceeds the applicable clearing thresholds, it would be required to post collateral both in respect of cleared and non-cleared OTC derivative contracts.

### **Alternative Investment Fund Managers Directive**

EU Directive 2011/61/EU on Alternative Investment Fund Managers ("**AIFMD**") was required to be transposed into national laws no later than 22 July 2013, although there are transitional provisions which expire one year later on 22 July 2014. AIFMD provides, among other things, that all alternative investment funds ("**AIFs**") must have a designated alternative investment fund manager ("**AIFM**") with responsibility for portfolio and risk management. On 8 November 2013, in order to assist in limiting any uncertainty until definitive positions and practises are finalised, the Central Bank of Ireland published a fifth edition of its AIFMD Questions and Answers ("**Q&A**"), pursuant to which, financial vehicles engaged solely in activities where economic participation is by way of debt or other corresponding instruments which do not provide ownership rights in the financial vehicle (as are provided by the sale of its shares) are advised that they fall outside the scope of the AIFMD regime (unless the Central Bank of Ireland advises those entities otherwise in a replacement Q&A, which, according to the Q&A, it does not intend to do at least for so long as the European Securities and Markets Authority continues its current work on the matter).

The European Securities and Markets Authority has not yet given any formal guidance on the application of AIFMD to entities such as the Issuer which issue solely debt securities. If AIFMD were to apply to the Issuer, the relevant portfolio manager would need to be appropriately regulated. The Issuer would also be classified as a "financial counterparty" under EMIR and may be required to comply with clearing obligations or other risk mitigation techniques with respect to derivative transactions including obligations to post margin to any central clearing counterparty or market counterparty. See also "EMIR" above. In addition, The AIFMD would entail several consequences for the Issuer, notably:

- (a) the Issuer would have to delegate the management of its assets to a duly licensed AIFM (the "**Issuer AIFM**");
- (b) the Issuer AIFM would have to implement procedures in order to identify, prevent, manage, monitor and disclose conflict of interests;
- (c) adequate risk management systems would need to be implemented by the Issuer AIFM to identify, measure, manage and monitor appropriately all risks relevant to the Issuer's investment strategy and to which the Issuer is or can be exposed (including appropriate stress testing procedures);
- (d) valuation procedures would need to be designed at the Issuer level;
- (e) a depositary would have to be appointed in relation to the Issuer's assets; and

- (f) the Issuer and the Issuer AIFM would be subject to certain reporting and disclosure obligations.

From the Issuer's perspective, if the Issuer were considered to be an AIF and could not benefit from the SSPE Exemption provided in the AIFMD, the AIFMD would require the Portfolio Manager and/or the Issuer to seek authorisation to become an AIFM under the AIFMD. If the Portfolio Manager or the Issuer were to fail to, or be unable to, obtain such authorisation, the Portfolio Manager may not be able to continue to manage the Issuer's assets, or its ability to do so may be impaired. Any regulatory changes arising from implementation of the AIFMD (or otherwise) that impairs the ability of the Portfolio Manager to manage the Issuer's assets may adversely affect the Issuer's ability to service the Notes.

## INCORPORATION BY REFERENCE

This Base Prospectus shall be read and construed in conjunction with:

- (i) the audited financial statements of the Issuer in respect of the financial years ended on 30 April 2012 and the audit report thereon. Such financial statements are available on the website of the Irish Stock Exchange at <http://www.ise.ie/app/announcementDetails.aspx?ID=11315824>, and
- (ii) the audited financial statements of the Issuer in respect of the financial years ended on 30 April 2013 and the audit report thereon. Such financial statements are available on the website of the Irish Stock Exchange at <http://www.ise.ie/app/announcementDetails.aspx?ID=11694903>.

The items listed at (i) and (ii) (together, the “**Accounts**”) have been filed with the Irish Stock Exchange and shall be deemed to be incorporated in, and form part of, this Base Prospectus, save that any statement contained in any of the Accounts incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication, or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

The Conditions set forth in the base prospectuses dated 28 March 2007, 28 March 2008, 29 June 2009, 11 March 2011 and 21 November 2012 of the Issuer in respect of the Programme shall also be deemed to be incorporated into and to form part of this Base Prospectus. Such conditions are available on the website of the Irish Stock Exchange at <http://www.ise.ie/app/DeptSecurityDocuments.aspx?progID=232&FIELDSORT=docId>.

Copies of the documents incorporated by reference in this Base Prospectus are available for viewing at the registered office of the Issuer specified below.

To the extent that only part of a document is incorporated by reference herein, the non-incorporated part of such document is either not relevant for an investor or is covered elsewhere in the Base Prospectus.

## **SUPPLEMENTARY INFORMATION**

The Issuer shall prepare a supplement to this Base Prospectus in the circumstances required by, and in compliance with, Article 16.1 of the Prospectus Directive and relevant implementing measures in Ireland.

## THE ISSUER

### General

Arcade Finance p.l.c. was incorporated as a special purpose vehicle in Ireland (with registered number 435310) on 22 February 2007 as a public company limited by shares under the Companies Acts 1963 to 2006 (now the Companies Act 1963 to 2012). The authorised share capital of the Issuer is EUR40,000 divided into 40,000 ordinary shares of EUR1 each, all of which have been issued at par, are fully paid and are held, directly or through its nominees, by BNY Mellon Corporate Trustee Services Limited (in such capacity, the “**Share Trustee**”) under the terms of a trust established under Irish law by a declaration of trust dated on or about 28 March 2007 and made by the Share Trustee for the benefit of such charities as the Share Trustee may determine from time to time at its discretion. The Share Trustee has no beneficial interest in and derives no benefit other than its fees for acting as trustee from holding such shares. The registered office of the Issuer is at 4<sup>th</sup> Floor, Hanover Building, Windmill Lane, Dublin 2, Ireland (telephone number +353 1 542 7920). The Issuer has no subsidiaries or subsidiary undertakings.

### Directors and Secretary

The Directors of the Issuer are:

<i>Name</i>	<i>Business Address</i>	<i>Principal Activities outside the Issuer</i>
Michael Boyce	19 Glen Avenue The Park Cabinteely Dublin 18 Ireland	Company Director
John Fitzpatrick	Van Neis Scholarstown Road Rathfarnham Dublin 16 Ireland	Company Director
Christiaan Sterckx	De Selliers De Moranvillelaan 70 1082 Brussels Belgium	Managing Director, KBC Asset Management NV
Koenraad Van de Borne	Joshua Dawson House Dawson Street Dublin 2 Ireland	Executive Director / General Manager KBC Fund Management Ltd

The company secretary of the Issuer is The Bank of New York Mellon SA/NV, whose principal address is 4<sup>th</sup> Floor, Hanover Building, Windmill Lane, Dublin 2, Ireland. KBC Bank Ireland p.l.c., whose principal address is Sandwith Street, Dublin 2, Ireland, provides certain accounting and related services to the Issuer.



## **Business**

The principal objects of the Issuer are set out in clause 3 of its Memorandum of Association and are, *inter alia*, to issue, purchase, acquire, deal, trade, hold, manage or otherwise enter into an arrangement which constitutes any financial asset including, without limitation, shares, bonds, and other securities, all kinds of futures, options, swaps, derivatives and similar instruments, invoices and to raise, borrow and secure the payment of money by the creation and issue of notes, bonds, debentures, commercial paper, or other securities whether or not secured upon all or any of the Issuer's undertaking, assets, property and revenues.

The only activities in which the Issuer has engaged are those incidental to its incorporation and registration as a public limited company under the Companies Acts 1963 to 2012, the establishment of the Programme, the issue of Series of Notes under the Programme, the other matters referred to or contemplated in this Base Prospectus and the authorisation, execution, delivery and performance of the other documents referred to in this Base Prospectus to which the Issuer is a party and matters which are incidental or ancillary to the foregoing.

The Issuer has entered into certain restrictive covenants as set out in the Conditions and the Master Trust Deed.

### **Issuer's power to appoint a new trustee and the resignation/removal of the Trustee**

Pursuant to the provisions of the Trust Deed, the Issuer has the power to appoint a new trustee where the Trustee has resigned or has been removed as set out below.

The Trustee may retire at any time upon giving not less than 60 days' prior written notice to the Issuer without giving any reason and without being responsible for any costs occasioned by such retirement and the Noteholders shall have power, exercisable by extraordinary resolution, to remove any Trustee provided that the retirement or removal of any sole trustee or sole trust corporation shall not become effective until a trust corporation is appointed as successor Trustee. The Issuer undertakes that, if a sole trust corporation gives notice of retirement or an extraordinary resolution of Noteholders is passed for its removal, the Issuer shall use all reasonable endeavours to procure that another trust corporation be appointed as Trustee. If the Issuer fails to procure the appointment of a new trustee within the period of 60 days following notification of resignation or removal, the Trustee may appoint a successor trustee.

**The only assets of the Issuer available to meet the claims of the holders of the Notes of a Series will be the assets which comprise the security for the Notes of such Series, as set out in the relevant Supplemental Trust Deed and/or Series Pledge Agreement.**

The Notes are obligations of the Issuer alone and not of the Portfolio Manager, any Agent, the Trustee, or the Custodian.

There is no intention to accumulate surpluses in the Issuer.

## **Financial Statements**

The Issuer has filed its audited financial statements for the year ended 30 April 2013 with the Irish Stock Exchange.

## **Auditors**

The statutory auditors of the Issuer are Deloitte & Touche. Deloitte & Touche is a member of the Institute of Chartered Accountants of Ireland.

## PORTFOLIO MANAGEMENT, ADMINISTRATION AND CUSTODY ARRANGEMENTS

### Portfolio Management

Unless provided otherwise in the Supplemental Trust Deed with respect to a Series, the Series Secured Assets in respect of each Series of Notes will be managed on behalf of the Issuer by KBC Asset Management NV acting as Portfolio Manager pursuant to a portfolio management agreement made on 28 March 2008 as most recently amended and restated on 11 March 2011 between the Issuer, the Trustee and the Portfolio Manager (the “**Portfolio Management Agreement**”). In the event that the Portfolio Management Agreement is terminated, a replacement portfolio manager will be appointed.

The Portfolio Manager was incorporated in Belgium on 30 December 1999 and obtained a licence as “vennootschap voor vermogensbeheer” (asset management company) on 1 June 2000 by the “Commissie voor het Bank – en Financieuzen – Commission Bancaire et Financière” (The Belgian Banking and Finance Commission). This licence was amended on 9 June 2005 to “beheersvennootschap van instellingen voor collectieve belegging” (management company of collective investment schemes).

The principals of the Portfolio Manager are as follows:

- Dirk Mampaey, Chief Executive Officer. Responsible for Finance, Organisation, Human Resources Management, Risk Control, Compliance, Socially Responsible Investments, Proxy Voting and Company Secretariat. Board Member of KBC Asset Management SA (Luxembourg);
- Dirk Cuypers, Managing Director. Responsible for Operations (bank and middle office), Process & Application Management, End User Computing, Dealing Desk and Board Secretariat;
- Juergen Verschaeve, Managing Director. Responsible for Management of Capital Protected and Structured Funds. Responsible for Asset Allocation and Portfolio/Investment Strategy, Sector & Corporate Research; Management of Equity Funds, Management of Fixed Income Funds, Management of Funds of Funds, Group Assets, Management Derivatives Portfolio / Arbitrage Activity;
- Wouter Vanden Eynde, Managing Director. Board member of KBC Asset Management S.A. (Luxembourg);
- Chris Sterckx, Managing Director. Responsible for Innovation and Product Development. Board member of KBC Asset Management SA (Luxembourg), Arcade Finance p.l.c., D-Star Finance p.l.c., Amethyst Structured Finance p.l.c., Beechwood Structured Finance p.l.c., Brookfields Capital p.l.c., Eperon Finance p.l.c., Espaccio Securities p.l.c., Greenstreet Structured Financial Products p.l.c., Nimrod Capital p.l.c., Opal Financial Products p.l.c., Profile Finance p.l.c., Recolte Securities p.l.c., Silverstate Financial Investments p.l.c., Vespucci Structured Financial Products p.l.c., Vidago Capital p.l.c., Voyce Investments p.l.c., Waterford Capital Investments p.l.c., Waves Financial Investments p.l.c., Amber Protective Bond Portfolio Limited, Carmine Protective Bond Portfolio Limited, Coral Protective Bond Portfolio Limited, Emerald Protective Bond Portfolio Limited, Indigo Protective Bond Portfolio Limited, Ivory Protective Bond Portfolio Limited, Magenta Protective Bond Portfolio Limited, Sepia Protective Bond Portfolio Limited, Taupe Protective Bond Portfolio Limited, Vermillion Protective Bond Portfolio, KBC Investment Fund;
- Linda Demunter, Managing Director. Responsible for Risk; and

- Gert Rammeloo, Managing Director. Responsible for International Development Home Markets (Central Europe), International Development Non-Home Markets (Asia), International Sales Support. Board member of CSOB Asset Management a.s. (Czech Republic), CSOB Investment Company (Czech Republic), CSOB Asset Management (Slovak Republic), K&H Investment Fund Company (Hungary), KBC TFI S.A. (Poland), PTE Warta S.A.(Poland).

## Portfolio Administration

Unless provided otherwise in the relevant Supplemental Trust Deed with respect to a Series, the Series Secured Assets related to the relevant Series of Notes will be administered on behalf of the Issuer by KBC Asset Management NV (in such capacity, the “**Administration Agent**”) pursuant to the Agency Agreement originally dated 28 March 2007 as most recently amended and restated on 11 March 2011.

Pursuant to the Agency Agreement, the Administration Agent has agreed to monitor the Series Secured Assets with respect to each Series of Notes on behalf of the Issuer and to provide to the Issuer and the Portfolio Manager on a periodic basis certain information regarding the Series Secured Assets with respect to each Series of Notes, cash on deposit in each Series Cash Account, the Principal Amount Outstanding of each Series of Notes, and payments which are scheduled to fall due by the Issuer with respect to each Series of Notes prior to the next reporting date.

The Administration Agent has also agreed to provide information to the Issuer and the Portfolio Manager on a periodic basis regarding the valuations of the Series Secured Assets with respect to each Series of Notes and the liabilities of the Issuer with respect to each Series of Notes (including liabilities represented by Notes issued by it).

The Administration Agent may resign by giving to the Issuer, the Trustee and the Principal Paying Agent not less than 60 days’ written notice, and the Issuer may, with the prior written approval of the Trustee, terminate the appointment of the Administration Agent by giving to the Administration Agent, the Trustee and the Principal Paying Agent not less than 60 days’ written notice. The appointment of the Administration Agent will terminate forthwith if the Administration Agent becomes insolvent or enters into insolvency proceedings. The Issuer has covenanted in favour of the Trustee that there will at all times be an Administration Agent.

## Custody Arrangements

Unless provided otherwise in the relevant Supplemental Trust Deed, the Series Collateral relating to a Series will be held, or caused to be held, on behalf of the Issuer by KBC Bank NV, Brussels, acting in its capacity as custodian and/or by such other custodian as may be appointed by the Issuer with the written approval of the Trustee (the “**Custodian**”) pursuant to the Agency Agreement and the Trust Deed. The Series Collateral will be held by the Custodian in a securities account in the name of the Issuer (the “**Series Custody Account**”).

The Custodian will also open a cash account (each a “**Series Cash Account**”) in the name of the Issuer into which will be paid all amounts of principal, interest and other cash distributions received in respect of the Series Charged Assets for each Series. Payments made by the Issuer in respect of a Series will be made from amounts standing to the credit of the relevant Series Cash Account.

## HEDGING ARRANGEMENTS

In connection with each Series of Notes, the Issuer may enter into one or more over-the-counter derivative transactions with KBC Bank NV as counterparty or such other person as may be specified in the relevant Supplemental Trust Deed and the relevant Issue Terms (each such counterparty, the “**Swap Counterparty**” with respect to the relevant Series of Notes). Where KBC Bank NV is the Swap Counterparty with respect to a Series of Notes, the relevant derivative transaction(s) will be documented by one or more confirmations and a 1992 ISDA Master Agreement made between the Issuer and KBC Bank NV, or such other agreement as may be specified in the relevant Supplemental Trust Deed and Issue Terms. Where the Swap Counterparty with respect to a Series of Notes is a party other than KBC Bank NV, the relevant derivative transaction(s) will be documented pursuant to such agreement and confirmation(s) as are specified in the relevant Supplemental Trust Deed and Issue Terms. The documentation pursuant to which the relevant derivative transaction(s) is documented between the Issuer and the Swap Counterparty with respect to a Series of Notes is referred to with respect to such Series of Notes as the related “**Swap Agreement**”.

Unless stated otherwise in the relevant Issue Terms, a Swap Agreement may be terminated early in various circumstances, including:

- (a) if withholding taxes are imposed on payments made by the Issuer or the Swap Counterparty, as the case may be; or
- (b) at the option of one party, if there is a failure by the other party to pay any amounts due, or to comply with or perform any obligation under the Swap Agreement; or
- (c) upon the Notes becoming payable in whole or in part in accordance with their conditions at any time prior to their maturity, other than in circumstances referred to in (d) below; or
- (d) at the option of the Swap Counterparty under the Swap Agreement, if any of the Notes to which such Swap Agreement relates to are purchased by or on behalf of the Swap Counterparty, or any of its subsidiaries or affiliates; or
- (e) upon the occurrence of certain other events with respect to either party to the Swap Agreement, including insolvency, merger without an assumption of the obligations in respect of the Swap Agreement or changes in law resulting in illegality; or
- (f) upon the occurrence of certain other events with respect to the Swap Counterparty such as a breach of a representation, default under a Specified Transaction (as defined in the Swap Agreement).

On the occurrence of any of the events referred to above, a termination payment will be due to be paid by the Issuer to the Swap Counterparty or to the Issuer by the Swap Counterparty in respect of the Swap Agreement.

There is no guarantee that upon any such termination the funds realised from the disposal of the Swap Collateral plus or minus (as the case may be) the termination payment due in respect of the Swap Agreement will be sufficient to pay, in full, amounts owing to the Noteholders. To the extent any such shortfall arises, neither the Issuer nor the Swap Counterparty will be obliged to make any further payment to meet any such shortfall and accordingly no debt shall be owed by the Issuer or Swap Counterparty, as the case may be, in respect of any such shortfall. No other assets of the Issuer or Swap Counterparty, as the case may be, will be available to meet such shortfall. The Swap Counterparty shall not be entitled to institute or join any other person in bringing, instituting or joining, insolvency proceedings (whether court-based or otherwise) in relation to the Issuer.

The obligations of the Issuer to the Swap Counterparty under the Swap Agreement will be secured on the Series Secured Assets for the relevant Series of Notes. The respective rankings of the claims of, inter alia, the Noteholders of the relevant Series and the Swap Counterparty over the proceeds of enforcement of the relevant Series Secured Assets will be set out in the relevant Supplemental Trust Deed and Issue Terms.

## USE OF PROCEEDS AND EXPENSES

The net proceeds of each issue of a Series of Notes will be used by the Issuer in acquiring Series Collateral and/or in making an initial payment under a related Swap Agreement, if applicable.

### Series Collateral

The Series Collateral for a Series of Notes shall be specified in the applicable Issue Terms, but shall in all cases comprise Eligible Assets. “**Eligible Assets**” means any securities (including shares, bonds and units in collective investment undertakings (including, but not limited to, UCITS within the meaning of Directive 85/611/EC)), deposits, money market instruments, derivative transactions and any other qualifying assets within the meaning of section 110 of the Taxes Consolidation Act 1997 (as amended) of Ireland, which are (i) obligations of an entity organised under the laws of any European Economic Area member state, any OECD member state, Jersey, Cayman Islands or Bermuda and (ii) which in each case have a scheduled maturity not later than fifteen years following the scheduled maturity of the Series of Notes for which such Eligible Asset is intended to comprise Series Collateral.

Subject to the next following paragraph, where the relevant Series is to be listed on the Official List of the Irish Stock Exchange or is the subject of an offer which requires publication of a prospectus under the Prospectus Directive (a) except in cases of any such Eligible Asset which is an obligation of an obligor which has securities admitted to trading on a regulated or equivalent market, such Eligible Assets shall comprise obligations of more than 5 obligors and no obligor shall account for 20% or more of such Eligible Assets; and (b) in the case of any such Eligible Asset which is an equity security, such security shall be admitted to trading on a regulated or equivalent market.

The requirements set out in the preceding paragraph shall not apply where the relevant Eligible Assets are described in a supplement to this Base Prospectus or in a Series Offering Document in respect of the relevant Series.

### Swap Agreement

With respect to any Swap Agreement, the relevant Swap Counterparty will be described in a supplement to this Base Prospectus or in a Series Offering Document in respect of the relevant Series.

### Expenses

The expenses for each issue of Notes will be identified in the relevant Issue Terms.

## TERMS AND CONDITIONS OF THE NOTES

*The following (apart from the text in italics in this paragraph) is the text of the terms and conditions which, subject to completion and amendment pursuant to the Issue Terms relating to a Series, and as supplemented, modified or replaced by the provisions of the Supplemental Trust Deed applicable to a Series, and as described in the section of this Base Prospectus headed "Summary of Provisions Relating to the Notes while in Global Form", will be applicable to the Global Note(s) or Global Certificates representing each Series and to the Definitive Bearer Notes or Individual Certificates (if any) issued in exchange therefor and will be endorsed on such Definitive Bearer Notes or Individual Certificates, details of the relevant Series being shown on the relevant Notes or Certificates and in the relevant Issue Terms and in the relevant Supplemental Trust Deed. Save as expressly stated, references in the Conditions to "Notes" are to the Notes of the relevant Series only and not to any other Series of Notes that may be issued under the Programme and references to "Noteholders" are to holders of Notes of the relevant Series only acting in their capacity as such. References to the "Swap Agreement" and the "Swap Counterparty" in the Conditions are applicable only if the relevant Supplemental Trust Deed and the relevant Issue Terms indicate that the Issuer has entered into a Swap Agreement (as defined below) in connection with the Notes of the relevant Series. References to Final Terms in the text of the terms and conditions set out below shall mean Issue Terms as defined in this Base Prospectus. Issue Terms for the Notes, other than Notes which are subject to an Exempt Offer and which are not listed, shall be set out in each Series Offering Document. Issue Terms for Notes which are subject to an Exempt Offer and which are not listed shall not be final terms for the purposes of the Prospectus Directive and, in relevant cases, this shall be stated on the face of the relevant Issue Terms.*

The Notes are constituted and secured by a master trust deed dated 28 March 2007 as amended and restated from time to time and as most recently amended and restated on 11 March 2011 (the "**Master Trust Deed**") made between, *inter alios*, the Issuer and The Bank of New York Mellon (the "**Trustee**"), as trustee for the holders of the Notes, as supplemented by a supplemental trust deed (each a "**Supplemental Trust Deed**") dated the date of issue of the Notes (the "**Issue Date**") made between, *inter alios*, the Issuer and the Trustee. The Master Trust Deed incorporates by reference the provisions of a master definitions and common terms agreement dated 28 March 2007 as amended and restated from time to time and as most recently amended and restated on 11 March 2011 made between, *inter alios*, the Issuer and the Trustee (the "**Master Definitions and Common Terms Agreement**"). The Master Trust Deed and the Supplemental Trust Deed are referred to together as the "**Trust Deed**" with respect to the Notes. The Notes will be issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") issued on different dates. Payments under the Notes will be made pursuant to a master agency agreement dated 28 March 2007 as amended and restated from time to time and as most recently amended and restated on 11 March 2011 (the "**Agency Agreement**"), which the Issuer has entered into with the Trustee, The Bank of New York Mellon as principal paying agent (in such capacity the "**Principal Paying Agent**" and together with any other paying agents appointed, the "**Paying Agents**"), as calculation agent (in such capacity, the "**Calculation Agent**"), as transfer agent (in such capacity, the "**Transfer Agent**") and as registrar (in such capacity, the "**Registrar**"), KBC Bank NV as custodian (in such capacity, the "**Custodian**"), KBC Asset Management NV as administration agent (in such capacity, the "**Administration Agent**"), and together with the Paying Agents, Calculation Agent, Custodian, Transfer Agent and Registrar, the "**Agents**") and KBC Asset Management NV as portfolio manager (the "**Portfolio Manager**"). The Agency Agreement also incorporates by reference the provisions of the Master Definitions and Common Terms Agreement. References in these Conditions (as defined below) to the Principal Paying Agent and the other Agents and to the "**Agency Agreement**" shall be construed accordingly. All Series Collateral (as defined in Condition 4(a)) taking the form of securities will be held or caused to be held on behalf of the Issuer by the Custodian pursuant to the Agency Agreement (as amended from time to time) and/or such other agreement as may be specified in the relevant Supplemental Trust Deed and the Conditions. References in these Conditions to the "**Custodian**" shall be construed accordingly. Series Secured Assets (as defined in Condition 4(a)) shall, unless provided otherwise in the relevant Supplemental Trust Deed with respect to a Series, be managed on behalf of the Issuer by the Portfolio Manager pursuant to the terms of a portfolio management agreement made between the Issuer and the Portfolio Manager on 28 March 2008 as amended and restated from time to time and as most recently amended and restated on 11 March 2011 (the "**Portfolio Management Agreement**").

Statements in these terms and conditions, as amended and supplemented by the relevant Supplemental Trust Deed, and as described in the relevant Final Terms (the “**Conditions**”) are subject to the detailed provisions of the Trust Deed and the Agency Agreement, copies of which are available for inspection at the registered office of the Issuer and the specified offices of the Principal Paying Agent. The Trust Deed includes the form of the Notes in bearer and registered form, the interest coupons (if any) relating to Notes in bearer form (the “**Coupons**”) and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”). Noteholders and Couponholders (each as defined in Condition 1) are entitled to the benefit of, and are deemed to have notice of, all the provisions contained in the Trust Deed and the relevant Final Terms and those applicable to them of the Agency Agreement.

If so indicated in the Supplemental Trust Deed and the Final Terms the Issuer has entered into one or more confirmations (the “**Confirmations**”) documenting the terms of a swap, option or other over-the-counter derivative transaction relating to the Notes, effective on the Issue Date, pursuant to a 1992 ISDA Master Agreement (or such other agreement as may be specified in the Supplemental Trust Deed and the Final Terms) with KBC Bank NV or such other counterparty whose identity is indicated in the Supplemental Trust Deed and the Final Terms (the “**Swap Counterparty**”) (such 1992 ISDA Master Agreement (or other agreement) together with the Confirmations, the “**Swap Agreement**”).

Capitalised terms used but not defined in these Conditions shall have the meanings or values attributed to them in the Trust Deed, unless the context otherwise requires or unless otherwise stated.

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

The Notes are serially numbered and issued in bearer form (“**Bearer Notes**”) in the denomination of the Specified Denominations(s) or in registered form (“**Registered Notes**”) in amounts of the Specified Denomination or such integral multiples of a stated amount in excess thereof (“**Authorised Denominations**”) as are specified in the Supplemental Trust Deed and the Final Terms, if applicable. “**Specified Denomination**” means such amount as is specified in the Supplemental Trust Deed and the Final Terms, if applicable, subject to a minimum denomination of €1,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes). All Registered Notes shall have the same Specified Denomination.

*So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided hereon and integral multiples of the Tradable Amount provided in the Supplemental Trust Deed and the Final Terms, if applicable.*

Subject as described in “*Summary of Provisions relating to the Notes while in Global Form*”, Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the due date for redemption in respect of overdue amounts of principal, both before and after judgment) and Coupons and Talons in these Conditions are not applicable.

Subject as described in “*Summary of Provisions relating to the Notes while in Global Form*”, Registered Notes are represented by registered certificates (“**Individual Certificates**”), and, save as provided in Condition 2(c), each Individual Certificate represents a holding of one or more Registered Notes by the same holder.

Title to the Bearer Notes, the Coupons appertaining thereto and Talons shall pass by delivery. Title to the Registered Notes shall pass by assignment and registration in the register (the “**Register**”) which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. A copy of the Register showing current holdings of



Registered Notes will be available at the registered office of the Issuer. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Bearer Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions “**Noteholder**” means (i) the holder of any definitive Bearer Note or (ii) the person in whose name a Registered Note is registered and “**Couponholder**” means the holder of any Coupon and “**Talonholder**” means the holder of any Talon.

The Issuer, the Trustee and each Paying Agent shall deem and treat each Noteholder, Couponholder and Talonholder as the absolute owner of the relevant Note, Coupon or Talon (whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership or writing thereon) for the purpose of making payments and for all other purposes.

## **2 Exchanges of Bearer Notes and Transfers of Registered Notes**

### **(a) Exchange of Bearer Notes**

Subject as provided in Condition 2(f), Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes of the Specified Denomination at the request in writing of the relevant Noteholder and upon surrender of each Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where a Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 13(b)(ii)) for any payment of interest, the Coupon and Talon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

### **(b) Transfer of Registered Notes**

A Registered Note may be transferred in whole or in part in the Specified Denomination upon the surrender of the Individual Certificate representing such Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes represented by one Individual Certificate, a new Individual Certificate in respect of the balance not transferred will be issued to the transferor. A transfer of a Registered Note shall be completed by the recording of the holding of such Registered Notes in the Register. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

### **(c) Exercise of Options or Partial Redemption in respect of Registered Notes**

In the case of an exercise of an Issuer’s or Noteholder’s option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Individual Certificate, a new Individual 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 Notes of the same holding having different terms, separate Individual Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Individual Certificates shall only be issued against surrender of the existing

Individual Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Individual Certificate representing the enlarged holding shall only be issued against surrender of the Individual Certificate representing the existing holding.

**(d) Delivery of new Individual Certificates**

Each new Individual Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of a duly completed request for exchange or the surrender of the Certificate for exchange together with satisfaction of any other requirements imposed by these Conditions. 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 request for exchange, form of transfer or Individual Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Individual Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets set the payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

**(e) Exchange free of charge**

Exchange and transfer of Notes or Individual Certificates on registration or transfer or exercise of an option or partial redemption will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect of) any tax, duty or other governmental charges which may be imposed in relation to such registration or transfer.

**(f) Closed periods**

No Noteholder may require the transfer of a Registered Note to be registered or a Bearer Note to be exchanged for a Registered Note (i) during the period of 15 days ending on the due date for any payment of principal on that Note, (ii) during the period of 15 days prior to any date on which Notes may be drawn for redemption by the Issuer at its option pursuant to Condition 7(c), (iii) after any such Note has been drawn for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date. A Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Individual Certificate is simultaneously surrendered not later than the relevant Record Date.

**3 Status**

**(a) Senior Notes**

This Condition 3(a) is applicable only in relation to Notes specified in the applicable Final Terms as being senior (“**Senior Notes**”). The Senior Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as

defined below) of the relevant Series. In order to meet its payment obligations under the Senior Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Series Secured Assets (as defined in Condition 4(a)). Therefore, the holders of Senior Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4.

**(b) Class A Mezzanine Notes**

This Condition 3(b) is applicable only in relation to Notes specified in the applicable Final Terms as being class A mezzanine ("**Class A Mezzanine Notes**"). The Class A Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of the relevant Series but junior to any Senior Notes of the relevant Series. In order to meet its payment obligations under the Class A Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Series Secured Assets. Therefore, the holders of Class A Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4.

**(c) Class B Mezzanine Notes**

This Condition 3(c) is applicable only in relation to Notes specified in the applicable Final Terms as being class B mezzanine ("**Class B Mezzanine Notes**"). The Class B Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of the relevant Series but junior to any Senior Notes or Class A Mezzanine Notes of the relevant Series. In order to meet its payment obligations under the Class B Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Series Secured Assets. Therefore, the holders of Class B Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4.

**(d) Class C Mezzanine Notes**

This Condition 3(d) is applicable only in relation to Notes specified in the applicable Final Terms as being class C mezzanine ("**Class C Mezzanine Notes**"). The Class C Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of the relevant Series but junior to any Senior Notes, Class A Mezzanine Notes or Class B Mezzanine Notes of the relevant Series. In order to meet its payment obligations under the Class C Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Series Secured Assets. Therefore, the holders of Class C Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4.

**(e) Class D Mezzanine Notes**

This Condition 3(e) is applicable only in relation to Notes specified in the applicable Final Terms as being class D mezzanine ("**Class D Mezzanine Notes**"). The Class D Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of the relevant Series but junior to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes or Class C Mezzanine Notes of the relevant Series. In order to meet its payment obligations under the Class D Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Series Secured Assets. Therefore, the holders of Class D Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4.

**(f) Class E Mezzanine Notes**

This Condition 3(f) is applicable only in relation to Notes specified in the applicable Final Terms as being class E mezzanine ("**Class E Mezzanine Notes**"). The Class E Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class F Mezzanine Notes, Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of the relevant Series but junior to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes or Class D Mezzanine Notes of the relevant Series. In order to meet its payment obligations under the Class E Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Series Secured Assets. Therefore, the holders of Class E Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4.

**(g) Class F Mezzanine Notes**

This Condition 3(g) is applicable only in relation to Notes specified in the applicable Final Terms as being class F mezzanine ("**Class F Mezzanine Notes**"). The Class F Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of the relevant Series but junior to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes or Class E Mezzanine Notes of the relevant Series. In order to meet its payment obligations under the Class F Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Series Secured Assets. Therefore, the holders of Class F Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4.

**(h) Class G Mezzanine Notes**

This Condition 3(h) is applicable only in relation to Notes specified in the applicable Final Terms as being class G mezzanine ("**Class G Mezzanine Notes**"). The Class G Mezzanine Notes and Coupons are direct, general, unconditional, secured limited

recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class H Mezzanine Notes and Subordinated Notes (each as defined below) of the relevant Series but junior to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes or Class F Mezzanine Notes of the relevant Series. In order to meet its payment obligations under the Class G Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Series Secured Assets. Therefore, the holders of Class G Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4.

**(i) Class H Mezzanine Notes**

This Condition 3(i) is applicable only in relation to Notes specified in the applicable Final Terms as being class H mezzanine ("**Class H Mezzanine Notes**"). The Class H Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Subordinated Notes (as defined below) of the relevant Series but junior to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes or Class G Mezzanine Notes of the relevant Series. In order to meet its payment obligations under the Class H Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Series Secured Assets. Therefore, the holders of Class H Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4.

**(j) Subordinated Notes**

This Condition 3(j) is applicable only in relation to Notes specified in the applicable Final Terms as being subordinated ("**Subordinated Notes**"). The Subordinated Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and subordinate to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes and Class H Mezzanine Notes of the relevant Series. In order to meet its payment obligations under the Subordinated Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Series Secured Assets. Therefore, the holders of Subordinated Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4.

**4 Security**

**(a) Security**

The Notes shall be secured pursuant to the Supplemental Trust Deed and/or a Belgian law pledge made between, *inter alios*, the Issuer as pledgor, the Trustee as pledgee and the Custodian (each a "**Series Pledge Agreement**"). The security so granted is referred to as the "**Series Security**" and the assets over which the Series Security is granted are referred to as the "**Series Secured Assets**". The Series Security may include the following security interests granted in favour of the Trustee:

- (i) a charge and/or assignment and/or pledge of all of the Issuer's right, title, interest and benefit, present and future, in, to and under the custody account (the "**Series Custody Account**") maintained by the Custodian on behalf of the Issuer to which the collateral acquired by the Issuer with all or part of the proceeds of the Notes and any replacement collateral (the "**Series Collateral**") is credited and all Series Collateral now or at any time hereafter standing to the credit thereof;
- (ii) a charge and/or assignment and/or pledge of all of the Issuer's right, title, interest and benefit, present and future, in, to and under the cash account (the "**Series Cash Account**") maintained by the Custodian on behalf of the Issuer to which any cash received by the Issuer in connection with the Series Secured Assets is credited and all monies now or at any time hereafter standing to the credit thereof and all entitlements to interest and other rights and benefits accruing thereto or arising in connection therewith; and
- (iii) an assignment of all of the Issuer's right, title, interest and benefit, present and future in, to and under the Swap Agreement (if any), the Agency Agreement to the extent that it relates to the Notes, the Portfolio Management Agreement to the extent that it relates to the Notes and any other document entered into by the Issuer in connection with the Notes (together, the "**Series Documents**") (other than the Supplemental Trust Deed and Series Pledge Agreement) and all other contracts, agreements, deeds and documents, present and future, to which the Issuer is or may become a party pursuant to the provisions of the Series Documents (including, for the avoidance of doubt, any agreement entered into by the Issuer as a replacement of any of such agreements upon the termination of such agreement), including all rights to receive payment of any amounts payable or which may become payable or be distributed to the Issuer thereunder and all payments received by the Issuer thereunder including, without limitation, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof.

**(b) Application of Proceeds**

The Trustee shall (subject to the provisions of the Supplemental Trust Deed) apply all moneys received by it under the provisions of the Master Trust Deed, the Supplemental Trust Deed and the Series Pledge Agreement in connection with the realisation or enforcement of the Series Security in the following order of priority:

- (i) *If "Noteholder Priority" is specified in the Supplemental Trust Deed:*
  - (1) first, to pay on a *pro rata* and *pari passu* basis, any remuneration then due to any receiver and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands then incurred by any receiver together with interest thereon and to pay the fees, costs, expenses and liabilities due to the Trustee;
  - (2) second, to pay any due but unpaid Administrative Expenses (within the meaning of the Master Trust Deed) incurred with respect to the relevant Series, in relation to each item thereof, on a *pro rata* and *pari passu* basis;
  - (3) third, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders in respect of the Senior Notes;
  - (4) fourth, to pay, on a *pro rata* and *pari passu* basis, all amounts of principal due thereon until redemption in full of the Senior Notes;

- (5) fifth, to pay, on a *pro rata* and *pari passu* basis, any amounts due and payable to the relevant Swap Counterparty under the Swap Agreement (if any), other than any Swap Subordinated Amounts (as defined in the Master Trust Deed);
- (6) sixth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class A Mezzanine Notes;
- (7) seventh, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class A Mezzanine Notes;
- (8) eighth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class B Mezzanine Notes;
- (9) ninth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class B Mezzanine Notes;
- (10) tenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class C Mezzanine Notes;
- (11) eleventh, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class C Mezzanine Notes;
- (12) twelfth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class D Mezzanine Notes;
- (13) thirteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class D Mezzanine Notes;
- (14) fourteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class E Mezzanine Notes;
- (15) fifteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class E Mezzanine Notes;
- (16) sixteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class F Mezzanine Notes;
- (17) seventeenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class F Mezzanine Notes;
- (18) eighteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class G Mezzanine Notes;
- (19) nineteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class G Mezzanine Notes;
- (20) twentieth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class H Mezzanine Notes;
- (21) twenty-first, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class H Mezzanine Notes;
- (22) twenty-second, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders in respect of the Subordinated Notes (if any);

- (23) twenty third, to pay, on a *pro rata* and *pari passu* basis, all amounts of principal due thereon until redemption in full of the Subordinated Notes (if any);
  - (24) twenty fourth, to pay, on a *pro rata* and *pari passu* basis, any amounts due and payable to the Swap Counterparty under the Swap Agreement (if any) in respect of any Swap Subordinated Amounts; and
  - (25) twenty fifth, to pay the balance (if any) to the Issuer.
- (ii) *If "Pari Passu Ranking" is specified in the Supplemental Trust Deed:*
- (1) first, to pay on a *pro rata* and *pari passu* basis, any remuneration then due to any receiver and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands then incurred by any receiver together with interest thereon and to pay the fees, costs, expenses and liabilities due to the Trustee;
  - (2) second, to pay any due but unpaid Administrative Expenses (as defined in the Master Trust Deed) incurred with respect to the relevant Series, in relation to each item thereof, on a *pro rata* and *pari passu* basis;
  - (3) third, to pay, on a *pro rata* and *pari passu* basis, amounts of interest and principal then due to the Noteholders in respect of the Senior Notes and any amounts due and payable to the Swap Counterparty under the Swap Agreement (if any), other than any Swap Subordinated Amounts (as defined in the Master Trust Deed);
  - (4) fourth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest and principal then due to the Noteholders in respect of the Class A Mezzanine Notes;
  - (5) fifth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest and principal then due to the Noteholders in respect of the Class B Mezzanine Notes;
  - (6) sixth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest and principal then due to the Noteholders in respect of the Class C Mezzanine Notes;
  - (7) seventh, to pay, on a *pro rata* and *pari passu* basis, amounts of interest and principal then due to the Noteholders in respect of the Class D Mezzanine Notes;
  - (8) eighth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest and principal then due to the Noteholders in respect of the Class E Mezzanine Notes;
  - (9) ninth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest and principal then due to the Noteholders in respect of the Class F Mezzanine Notes;
  - (10) tenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest and principal then due to the Noteholders in respect of the Class G Mezzanine Notes;



- (11) eleventh, to pay, on a *pro rata* and *pari passu* basis, amounts of interest and principal then due to the Noteholders in respect of the Class H Mezzanine Notes;
  - (12) twelfth, to pay, on a *pro rata* and *pari passu* basis, all amounts of interest and principal then due to Noteholders in respect of the Subordinated Notes (if any);
  - (13) thirteenth, to pay, on a *pro rata* and *pari passu* basis, any amounts due and payable to the Swap Counterparty under the Swap Agreement (if any) in respect of any Swap Subordinated Amounts; and
  - (14) fourteenth, to pay the balance (if any) to the Issuer.
- (iii) If “Counterparty Priority” is specified in the Supplemental Trust Deed:
- (1) first, to pay on a *pro rata* and *pari passu* basis, any remuneration then due to any receiver and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands then incurred by any receiver together with interest thereon and to pay the fees, costs, expenses and liabilities due to the Trustee;
  - (2) second, to pay any due but unpaid Administrative Expenses (as defined in the Master Trust Deed) incurred with respect to the relevant Series, in relation to each item thereof, on a *pro rata* and *pari passu* basis;
  - (3) third, to pay, on a *pro rata* and *pari passu* basis, any amounts due and payable to the Swap Counterparty under the Swap Agreement (if any), other than any Swap Subordinated Amounts (as defined in the Master Trust Deed);
  - (4) fourth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders in respect of the Senior Notes;
  - (5) fifth, to pay, on a *pro rata* and *pari passu* basis, all amounts of principal due thereon until redemption in full of the Senior Notes;
  - (6) sixth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class A Mezzanine Notes;
  - (7) seventh, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class A Mezzanine Notes;
  - (8) eighth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class B Mezzanine Notes;
  - (9) ninth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class B Mezzanine Notes;
  - (10) tenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class C Mezzanine Notes;
  - (11) eleventh, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class C Mezzanine Notes;
  - (12) twelfth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class D Mezzanine Notes;

- (13) thirteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class D Mezzanine Notes;
- (14) fourteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class E Mezzanine Notes;
- (15) fifteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class E Mezzanine Notes;
- (16) sixteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class F Mezzanine Notes;
- (17) seventeenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class F Mezzanine Notes;
- (18) eighteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class G Mezzanine Notes;
- (19) nineteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class G Mezzanine Notes;
- (20) twentieth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class H Mezzanine Notes;
- (21) twenty-first, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class H Mezzanine Notes;
- (22) twenty second, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders in respect of the Subordinated Notes (if any);
- (23) twenty third, to pay, on a *pro rata* and *pari passu* basis, all amounts of principal due thereon until redemption in full of the Subordinated Notes (if any);
- (24) twenty fourth, to pay, on a *pro rata* and *pari passu* basis, any amounts due and payable to the Swap Counterparty under the Swap Agreement (if any) in respect of any Swap Subordinated Amounts; and
- (25) twenty fifth, to pay the balance (if any) to the Issuer.

(iv) *If "Other Priority" is specified in the Supplemental Trust Deed:*

the Trustee shall apply all monies received by it pursuant to the Supplemental Trust Deed and the Master Trust Deed in connection with the realisation or enforcement of the Series Security in the order of priority set out in the Supplemental Trust Deed.

*The applicable priority and ranking provisions in respect of each Series of Notes will be disclosed in the relevant Final Terms.*

**(c) Realisation of Security**

In the event of any of the Series Security becoming enforceable (as described below), the Trustee may at its discretion and:

- (i) if requested in writing by the holders of at least one-fifth in aggregate principal amount of the Notes then outstanding (as defined in the Trust Deed); or

- (ii) if directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders,

(whichever shall be the first request or direction to be received by the Trustee) shall in each such case, subject to the Trustee first being indemnified and/or secured to its satisfaction, enforce the Series Security in accordance with the Trust Deed and/or Series Pledge Agreement, but without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders or Couponholders and provided that the Trustee shall not be required to take any action that would involve any personal liability or expense without first being indemnified and/or secured to its satisfaction.

The Series Security shall become enforceable upon the occurrence of an Event of Default (described in Condition 14).

**(d) *Shortfall after Application of Proceeds***

The Issuer may not have sufficient funds to make all payments due in respect of the Notes and (if applicable) Coupons.

If the net proceeds of the Series Security upon realisation thereof in accordance with this Condition 4 and the Trust Deed and/or the Series Pledge Agreement are not sufficient to make all payments due in respect of the Notes and Coupons (if any), the obligations of the Issuer in respect of the Notes and Coupons (if any) will be limited to such net proceeds and no other assets of the Issuer will be available for any further payments in respect of the Notes and Coupons (if any). Claims in respect of any difference between the amount of the net proceeds of the Series Security after enforcement thereof and the amount which would otherwise have been payable under the Notes and Coupons (if any) (a “**shortfall**”) shall be extinguished and failure to make any payment in respect of any such shortfall shall in no circumstances constitute an Event of Default under any other Series of Notes. Any such shortfall shall be borne by the Noteholders and Couponholders on a pro rata basis. In such circumstances the Noteholders will not have any right to take any further action against the Issuer in respect of the shortfall.

**5 Restrictions**

So long as any of the Notes remain outstanding, the Issuer will not, without the consent of the Trustee, except as contemplated by these Conditions (including Condition 21) and the documents relating to or establishing the Programme (the “**Programme Documents**”), incur any other indebtedness for borrowed moneys, engage in any business, declare any dividends, have any employees or have any subsidiaries.

**6 Interest**

If the Notes are specified in the applicable Final Terms as Index Linked Interest Notes, then the provisions of this Condition 6 are subject to Conditions 9 and 11. If the Notes are specified in the applicable Final Terms as Equity Linked Interest Notes, then the provisions of this Condition 6 are subject to Conditions 10 and 11. If the Notes are specified in the applicable Final Terms as Credit Linked Notes, then the provisions of this Condition 6 are subject to Condition 12.

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

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, the expression, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

The Calculation Agent will, at or as soon as practicable after each time at which the Fixed Coupon Amount or the Broken Amount, as the case may be, is to be determined, determine such Fixed Coupon Amount or Broken Amount for the relevant Fixed Interest Period. The Calculation Agent will notify the Issuer and the Principal Paying Agent of the Fixed Coupon Amount or the Broken Amount, as the case may be, for the relevant Fixed Interest Period as soon as practicable after calculating the same.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by the Calculation Agent by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

For the purposes of these Terms and Conditions:

“**Fixed Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 6(a):

- (i) if “**1/1**” is specified, 1;
- (ii) if “**Actual/Actual**”, “**Actual/Actual (ISDA)**”, “**Act/Act**” or “**Act/Act (ISDA)**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “**Actual/Actual (ICMA)**” or “**Act/Act (ICMA)**” is specified, a fraction equal to “number of days accrued/number of days in year”, as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the “ICMA Rule Book”), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non US dollar denominated straight and convertible bonds issued after December 31, 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period in respect of which payment is being made;
- (iv) if “**Actual/365 (Fixed)**”, “**Act/365 (Fixed)**”, “**A/365 (Fixed)**” or “**A/365F**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (v) if “**Actual/360**”, “**Act/360**” or “**A/360**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;

- (vi) if “30/360”, “360/360” or “**Bond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made 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;

“**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;

- (vii) if “30E/360” or “**Eurobond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made 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;

“**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;

- (viii) if “30E/360 (ISDA)” is specified, the number of days in the Calculation Period in respect of which payment is being made 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;

“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.

(b) *Interest on Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Commodity Linked Interest Notes and Currency Linked Interest Notes*

(i) Interest Payment Dates

Each Floating Rate Note, Index Linked Interest Note, Equity Linked Interest Note, Commodity Linked Interest Note and Currency Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an “**Interest Payment Date**”) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition (6)(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls within the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, “**Business Day**” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
  - (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Wellington, respectively), or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the “**TARGET System**”) is open.
- (ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Commodity Linked Interest Notes and Currency Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) or on the Euro-zone inter-bank offered rate (“**EURIBOR**”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the 2006 ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Calculation Agent will be deemed to have discharged its obligations under Condition 6(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Screen Rate Determination for Floating Rate Notes

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

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time) in the case of LIBOR or 11.00 a.m. (Brussels time) in the case of EURIBOR on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent.

If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one



only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The Calculation Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Calculation Agent will notify the Issuer and the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. The Calculation Agent will notify the Principal Paying Agent of the Interest Amount payable on the Notes in respect of each Specified Denomination for the relevant Interest Period as soon as practicable after calculating the same.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest for any Interest Period in accordance with this Condition 6(b):

- (A) if “**1/1**” is specified, 1;
- (B) if “**Actual/Actual**”, “**Actual/Actual (ISDA)**”, “**Act/Act**” or “**Act/Act (ISDA)**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of

days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (C) if “**Actual/Actual (ICMA)**” or “**Act/Act (ICMA)**” is specified, a fraction equal to “number of days accrued/number of days in year”, as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the “ICMA Rule Book”), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non US dollar denominated straight and convertible bonds issued after December 31, 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period in respect of which payment is being made;
- (D) if “**Actual/365 (Fixed)**”, “**Act/365 (Fixed)**”, “**A/365 (Fixed)**” or “**A/365F**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (E) if “**Actual/360**”, “**Act/360**” or “**A/360**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (F) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made 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;

“**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;

- (G) if “**30E/360**” or “**Eurobond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made 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;

“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;

- (H) if “**30E/360 (ISDA)**” is specified, the number of days in the Calculation Period in respect of which payment is being made 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;

“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.

- (v) Notification of Rate of Interest and Interest Amounts

The Calculation Agent will promptly notify the Principal Paying Agent of each Interest Amount and the Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the other Paying Agents and any stock exchange on which

the relevant Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Commodity Linked Interest Notes or Currency Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 18 as soon as possible after their determination but in no event later than the fourth Dublin Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Commodity Linked Interest Notes or Currency Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 18. For the purposes of this paragraph, the expression "Dublin Business Day" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Dublin.

(vi) **Certificates to be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(b), by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) ***Interest on Dual Currency Notes***

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(d) ***Interest on Partly Paid Notes***

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

(e) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless either, upon due presentation thereof, payment of principal is improperly withheld or refused and/or delivery of any asset deliverable in respect of such Note is improperly not made. In such event, interest will continue to accrue until whichever is the earlier of: (1) the date on which all amounts due in respect of such Note have been paid and/or delivery of all assets deliverable in respect of such Note have been delivered; and (2) five days after the date on which the full amount of the moneys payable has been received by the Principal Paying Agent and/or all assets in respect of such Note have been received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 18,

**Provided That** if the Notes become redeemable pursuant to Condition 12(b) or Condition 12(c); and

- (A) “Accrual of Interest upon Credit Event” is specified as Not Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Interest Payment Date immediately preceding the Credit Event Determination Date (as defined in Condition 12(b) or (c), as the case may be, or, if the Credit Event Determination Date is an Interest Payment Date such Interest Payment Date or, if the Credit Event Determination Date, falls prior to the first Interest Payment Date, no interest shall accrue on the Notes; or
- (B) “Accrual of Interest upon Credit Event” is specified as being Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Credit Event Determination Date; and

**Provided Further That, if**

- (A) Condition 12(d) or Condition 12(e) applies in respect of the Notes and in the case of Condition 12(d), a Repudiation/ Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Condition 12(e), a Failure to Pay has not occurred on or prior to the Grace Period Extension Date, as the case may be; and/or
- (B) Condition 12(f) applies in respect of the Notes and the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, is postponed as provided therein,

then interest will accrue as provided in Condition 12(d), Condition 12(e) or Condition 12(f), as the case may be.

## **7 Redemption and Purchase**

### **(a) *Redemption at Maturity***

Except in the case of Credit Linked Notes in which case the provisions of Condition 12 apply, unless previously redeemed or purchased and cancelled as specified below, each Note (unless it is an Index Linked Redemption Note, an Equity Linked Redemption Note or a Credit Linked Note or a Currency Linked Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

### **(b) *Redemption for Tax Reasons***

If Condition 22(a) is specified as applicable in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note nor an Equity Linked Interest Note nor a Currency Linked Interest Note nor a Commodity Linked Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note or an Equity Linked Interest Note or a Currency Linked Interest Note), on giving not less than 30 nor more than 60 days’ notice to the Principal Paying Agent and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 22(a) as a result of any change in, or amendment to, the laws or regulations of Ireland or any political subdivision or any authority thereof or therein having power to tax,

or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

If Condition 22(b) is specified as applicable in the applicable Final Terms, this Condition 7(b) shall not apply to the Notes.

**(c) *Redemption at the Option of the Issuer (Issuer Call)***

If Issuer Call is specified in the applicable Final Terms, giving the Issuer an option to redeem, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 18; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 18 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal

to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 18 at least 5 days prior to the Selection Date.

**(d) Redemption at the Option of the Noteholders (Investor Put)**

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 18 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **"Put Notice"**) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event the Trustee, at its option, may elect by notice to the Issuer and the relevant Noteholder to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 14.

**(e) Early Redemption Amounts**

For the purpose of these Terms and Conditions, unless otherwise specified in the applicable Final Terms the Early Redemption Amount in respect of any Note shall be calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the **"Amortised Face Amount"**) calculated in accordance with the following formula:

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

where:

**"RP"** means the Reference Price:

“AY” means the Accrual Yield expressed as a decimal; and

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

or on such other calculation basis as may be specified in the applicable Final Terms;  
or

- (iv) in the case of an Index Linked Interest Note, an Index Linked Redemption Note, an Equity Linked Interest Note, an Equity Linked Redemption Note, a Credit Linked Note, a Currency Linked Interest Note, a Currency Linked Redemption Note or a Commodity Linked Note the Early Redemption Amount in respect of each nominal amount of such Notes equal to the lowest Specified Denomination will be determined by reference to the provisions in the applicable Final Terms.

**(f) *Instalments***

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

**(g) *Partly Paid Notes***

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

**(h) *Illegality and Early Termination of Swap Agreement***

In the event that the Calculation Agent determines in good faith either (i) that the performance of the Issuer’s obligations under the Notes or any related Swap Agreement has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, or (ii) that the related Swap Agreement (if any) has terminated, or will terminate for any reason on or prior to the next Interest Payment Date, then the Issuer, having given not less than 10 nor more than 30 days’ notice to Noteholders in accordance with Condition 18 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**(i) *Early Redemption due to Acceleration of Series Collateral***

If any of the Series Collateral becomes repayable prior to its stated date of maturity for whatever reason or there is a payment default (regardless of any actual or implied grace period which may be applicable thereto) in respect of any of the Series Collateral, the Issuer shall become entitled, but not obliged, upon giving not more than 30 nor less than 10 days’ notice to the Noteholders in accordance with Condition 18, to redeem each Note in whole, but not in part, on the expiration of such notice at the applicable Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.



(j) ***Purchases***

The Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation.

(k) ***Cancellation***

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (i) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(l) ***Late payment on Zero Coupon Notes***

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 14 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 18.

**8 Currency Linked Redemption Notes and Commodity Linked Redemption Notes**

Provisions relating to the redemption of Currency Linked Redemption Notes and Commodity Linked Redemption Notes will be set out in the applicable Final Terms.

**9 Index Linked Notes**

If the Notes are specified as Index Linked Interest Notes and/or Index Linked Redemption Notes in the applicable Final Terms then the provisions of this Condition 9 apply, as applicable, as modified by the applicable Final Terms.

(a) ***Redemption of Index Linked Redemption Notes***

Unless previously redeemed or purchased and cancelled, each nominal amount (the “**Specified Amount**”) of the Notes equal to the lowest Specified Denomination set out in the applicable Final Terms will be redeemed by the Issuer at its Redemption Amount (as defined below) on the Maturity Date.

(b) ***Adjustments to an Index***

- (i) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (a “**Successor Index Sponsor**”)

acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then, in each case, that index (the “Successor Index”) will be deemed to be the Index.

(ii) Modification and Cessation of Calculation of an Index

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

- (a) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the Reference Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event; or
- (b) give notice to the Noteholders in accordance with Condition 18 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.

(iii) Correction of an Index

If Correction of Index Levels is specified as applying in the applicable Final Terms and the official closing level of an Index published on a Valuation Date is subsequently corrected and the correction (the “**Corrected Index Level**”) is published by the Index Sponsor or (if applicable) the Successor Index Sponsor prior to the Correction Cut-Off Date specified in the applicable Final Terms, then such Corrected Index Level shall be deemed to be the closing level for such Index for that Valuation Date and the Calculation Agent shall use such Corrected Index Level in determining the relevant Interest Amount and/or Redemption Amount.

(iv) Notice

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 18 giving details of the action proposed to be taken in relation thereto.

(c) **Definitions applicable to Index Linked Notes**

For the purposes of this Condition 9:

**“Disrupted Day”** means:

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

**“Exchange”** means:

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

**“Exchange Business Day”** means:

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

**“Indices”** and **“Index”** mean, subject to adjustment in accordance with Condition 9(b), the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

**“Index Sponsor”** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading

Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

**“Market Disruption Event”** means:

- (a) in respect of an Index other than a Designated Multi-Exchange Index:
  - (i) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
    - (A) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
      - (x) on any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or
      - (y) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
    - (B) any event (other than an event described in (ii) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (x) to effect transactions in, or obtain market values for, on any relevant Exchange(s) securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (y) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange,which in either case the Calculation Agent determines is material; or
  - (ii) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or
- (b) in respect of a Designated Multi-Exchange Index either:
  - (i) the occurrence or existence, in respect of any Component Security, of:
    - (A) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security;
    - (B) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time

during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security; or

- (C) an Early Closure in respect of such Component Security, which the Calculation Agent determines is material; and

either:

- (1) where the applicable Final Terms do not specify that the X Percentage applies, the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises 20 per cent. or more of the level of the Index; or
  - (2) where the applicable Final Terms specify that the X Percentage applies, the sum of (A) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, expressed as a percentage of the level of the Index, and (B) the X Percentage, comprises 20 per cent. or more of the level of the Index; or
- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (A) a Trading Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange, (B) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange or (C) an Early Closure, in each case in respect of such futures or options contracts and which the Calculation Agent determines is material.

As used above:

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

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

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

For the purposes of determining whether a Market Disruption Event in respect of an Index or a Component Security exists at any time, if a Market Disruption Event occurs in respect of a security/commodity included in the Index or such Component Security at that time, then the relevant percentage contribution of that security/commodity or Component Security, as the

case may be, to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security/commodity or Component Security, as the case may be, and (ii) the overall level of the Index, in each case either (a) except where the Index is a Designated Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (b) where the Index is a Designated Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market “opening data”.

**“Redemption Amount”** means, in relation to an Index Linked Redemption Note, the Redemption Amount specified in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount equal to:

(A) in the case of a Call Index Linked Redemption Note:

- (i) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is greater than the Strike Price:

$$\frac{\text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount ; or}$$

- (ii) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is equal to or less than the Strike Price:

$$100 \text{ per cent.} \times \text{Specified Amount; or}$$

(B) in the case of a Put Index Linked Redemption Note:

- (i) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is less than the Strike Price:

$$100 \text{ per cent.} + \frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount ; or}$$

- (ii) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is equal to or greater than the Strike Price:

$$100 \text{ per cent.} \times \text{Specified Amount,}$$

provided always that the Redemption Amount shall in no event be less than zero. The Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.

**“Reference Price”** means, in relation to a Valuation Date:

- (A) where the Notes are specified in the applicable Final Terms to relate to a single Index, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the official closing level of the Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent at such

Valuation Time) on that Valuation Date (as defined below), without regard to any subsequently published correction; and

- (B) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the sum of the values calculated for each Index as the official closing level of each Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time) on that Valuation Date, without regard to any subsequently published correction, multiplied by the relevant Multiplier specified in the applicable Final Terms.

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

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

**“Scheduled Trading Day”** means:

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

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

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

**“Strike Price”** means the amount specified as such in the applicable Final Terms.

**“Valuation Date”** means the date or, in the case of Index Linked Interest Notes, each date specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless Disrupted Day is specified as applying in the applicable Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then:

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

**“Valuation Time”** means:

- (a) where the Index is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified



Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or

- (b) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, (i) for the purposes of determining whether a Market Disruption Event has occurred: (A) in respect of a Component Security, the Scheduled Closing Time on the relevant Exchange and (B) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor. If, for the purposes of (i) above, the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## 10 Equity Linked Notes

If the Notes are specified as Equity Linked Interest Notes and/or Equity Linked Redemption Notes in the applicable Final Terms then the provisions of this Condition 10 apply, as applicable, as modified by the applicable Final Terms.

### (a) *Redemption of Equity Linked Redemption Notes*

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

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

- (i) If Potential Adjustment Events are specified as applying in the applicable Final Terms, then following the declaration by an Equity Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the Underlying Equities and, if so, will (a) make the corresponding adjustment, if any, to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting, concentrative or other effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Underlying Equity) and (b) determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon making any such adjustment, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 18, stating the adjustment to the relevant Interest Amount and/or Redemption Amount and/or the Asset Amount, the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

For the purposes of this Condition 10:

**“Potential Adjustment Event”** means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Underlying Equities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equities to existing holders by way of bonus, capitalisation or similar issue;
  - (b) a distribution, issue or dividend to existing holders of the relevant Underlying Equities of (1) such Underlying Equities or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of an Equity Issuer equally or proportionately with such payments to holders of such Underlying Equities or (3) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Equity Issuer as a result of a spin-off or other similar transaction or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
  - (c) an extraordinary dividend as determined by the Calculation Agent;
  - (d) a call by an Equity Issuer in respect of relevant Underlying Equities that are not fully paid;
  - (e) a repurchase by an Equity Issuer or any of its subsidiaries of relevant Underlying Equities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (f) in respect of an Equity Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Equity Issuer, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
  - (g) any other event that has or may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying Equities.
- (ii) If (x) De-listing, Merger Event, Nationalisation and Insolvency is specified as applying in the applicable Final Terms and/or (y) if Tender Offer is specified as applying in the applicable Final Terms and (in the case of (x)), a De-listing, Merger Event, Nationalisation or Insolvency occurs or (in the case of (y)) a Tender Offer occurs, in each case, in relation to an Underlying Equity, the Issuer in its sole and absolute discretion may:

- (a) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares; or
- (b) give notice to the Noteholders in accordance with Condition 18 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.

If the provisions of Condition 10(b)(ii)(a) apply the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Delisting, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon the occurrence (if applicable) of a De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 18 stating the occurrence of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

For the purposes of these Terms and Conditions:

**“De-Listing”** means, in respect of any relevant Underlying Equities, the Exchange announces that pursuant to the rules of such Exchange, such Underlying Equities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting, an Equity Issuer (A) all the Underlying Equities of that Equity Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Underlying Equities of that Equity Issuer become legally prohibited from transferring them;

**“Merger Date”** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent;

**“Merger Event”** means, in respect of any relevant Underlying Equities, any (a) reclassification or change of such Underlying Equities that results in a transfer of, or an irrevocable commitment to transfer, all such Underlying Equities outstanding to another entity or person, (b) consolidation, amalgamation, merger or binding share exchange of an Equity Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such

Equity Issuer is the continuing entity and which does not result in any such reclassification or change of all such Underlying Equities outstanding), (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Equities of the Equity Issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Equities (other than such Underlying Equities owned or controlled by such other entity or person), or (d) consolidation, amalgamation, merger or binding share exchange of the Equity Issuer or its subsidiaries with or into another entity in which the Equity Issuer is the continuing entity and which does not result in a reclassification or change of all such Underlying Equities outstanding but results in the outstanding Underlying Equities (other than Underlying Equities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Equities immediately following such event, in each case if the Merger Date is on or before the relevant Valuation Date or, if the Notes are to be redeemed by delivery of Underlying Equities, the Maturity Date;

**“Nationalisation”** means that all the Underlying Equities or all or substantially all the assets of an Equity Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof; and

**“Tender Offer”** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Equity Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self regulatory agencies or such other information as the Calculation Agent deems relevant.

- (iii) If Correction of Share Prices is specified as applying in the applicable Final Terms and the price of a Share published on a Valuation Date is subsequently corrected and the correction (the **“Corrected Share Price”**) is published on the relevant Exchange prior to the Correction Cut-Off Date specified in the applicable Final Terms, then such Corrected Share Price shall be deemed to be the closing price for such Share for that Valuation Date and the Calculation Agent shall use such Corrected Share Price in determining the relevant Interest Amount and/or Redemption Amount.
- (iv) In respect of Equity Linked Notes relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, then the Calculation Agent will adjust any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition 10(b)(iv) will affect the currency denomination of any payments in respect of the Notes.

(c) *Physical Delivery*

If any Notes are to be redeemed by delivery of the Asset Amount, in order to obtain delivery of the Asset Amount(s) in respect of any Note:

- (A) if such Note is represented by a Global Note, the relevant Noteholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice substantially in the form set out in the Agency Agreement (the “**Asset Transfer Notice**”); and
- (B) if such Note is in definitive form, the relevant Noteholder must deliver to any Paying Agent, with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, which is expected to be by authenticated SWIFT message or tested telex or (ii) if such Note is in definitive form, in writing.

If this Note is in definitive form, this Note must be delivered together with the duly completed Asset Transfer Notice.

The delivery of the Asset Amount shall be made in the manner specified in the applicable Final Terms or in such other commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery and shall notify to the Noteholders in accordance with Condition 18.

All expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax and/or other taxes or duties (together “**Delivery Expenses**”) arising from the delivery and/or transfer of any Asset Amount shall be for the account of the relevant Noteholder and no delivery and/or transfer of any Asset Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

An Asset Transfer Notice must:

- (1) specify the name and address of the relevant Noteholder, any account details required for delivery as set out in the applicable Final Terms and the person from whom the Issuer may obtain details for the delivery of the Asset Amount if such delivery is to be made otherwise than in the manner specified in the applicable Final Terms;
- (2) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder’s account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Noteholder’s account with such Notes on or before the Maturity Date;
- (3) include an undertaking to pay all Delivery Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the

Noteholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Delivery Expenses;

- (4) specify an account to which any dividends payable pursuant to this Condition 10(c) or any other cash amounts specified in the applicable Final Terms as being payable are to be paid; and
- (5) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg, or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

In the case of Notes represented by a Global Note, upon receipt of such notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the Noteholder is the holder of the specified nominal amount of Notes according to its books.

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Terms and Conditions shall be made, in the case of Notes represented by a Global Note, by Euroclear or Clearstream, Luxembourg, as the case may be, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder and, in the case of Notes in definitive form, by the relevant Paying Agent after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

Subject as provided in this Condition, in relation to each Note which is to be redeemed by delivery of the Asset Amount, the Asset Amount will be delivered at the risk of the relevant Noteholder, in the manner provided above on the Maturity Date (such date, subject to adjustment in accordance with this Condition, the “**Delivery Date**”), provided that the Asset Transfer Notice is duly delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Issuer, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date.

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

If, prior to the delivery of the Asset Amount in accordance with this Condition, a Settlement Disruption Event is subsisting, then the Delivery Date in respect of such Note shall be postponed until the date on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Noteholder, in accordance with Condition 18. Such Noteholder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Asset Amount pursuant to this paragraph. Where delivery of the Asset Amount has been postponed as provided in this paragraph the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Asset Amount in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the “**Election Notice**”) is given to the Noteholders in accordance with Condition 18. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 18.

For such period of time after the Maturity Date as any person other than the relevant Noteholder shall continue to be the legal owner of the securities comprising the Asset Amount (the “**Intervening Period**”), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Noteholder or any subsequent beneficial owner of such Note any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Note, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Note during the Intervening Period or (iii) be under any liability to the relevant Noteholder, or any subsequent beneficial owner of such Note in respect of any loss or damage which the relevant Noteholder, or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such Notes during such Intervening Period.

Any interest, dividend or other distribution in respect of any Asset Amount will be payable to the party that would receive such interest, dividend or other distribution according to market practice for a sale of the Underlying Equity executed on the Maturity Date and to be delivered in the same manner as the Asset Amount. Any such interest dividend or other distribution to be paid to a Noteholder shall be paid to the account specified in the relevant Asset Transfer Notice.

Where the Asset Amount is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Noteholders will receive an Asset Amount comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Noteholder’s entire holding may be aggregated at the Issuer’s sole and absolute discretion for the purpose of delivering the Asset Amounts), and an amount in the Specified Currency which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole and absolute discretion from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Calculation Agent deems appropriate). Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 18.

For the purposes of this Condition 10(c):

“**Disruption Cash Settlement Price**” means an amount equal to the fair market value of the relevant Note (but not taking into account any interest accrued on such Note as such interest shall be paid pursuant to Condition 6) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date that the Election Notice is given as provided above adjusted to take account fully for any losses, expenses and costs to the Issuer of unwinding or adjusting any related Swap Agreement or other underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Asset or other instruments of any type whatsoever which the Issuer may hold as part of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion; and

“**Settlement Disruption Event**” means an event beyond the control of the Issuer, as a result of which, in the opinion of the Calculation Agent, delivery of the Asset Amount by or on

behalf of the Issuer in accordance with these Terms and Conditions and/or the applicable Final Terms is not practicable.

(d) ***Failure to Deliver due to Illiquidity***

If “Failure to Deliver due to Illiquidity” is specified as applying in the applicable Final Terms and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Asset Amount (the “**Affected Relevant Assets**”), where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a “**Failure to Deliver**”), then:

- (a) subject as provided elsewhere in these Terms and Conditions and/or the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Delivery Date in accordance with Condition 10(c); and
- (b) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Noteholder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date the Failure to Deliver Notice (as defined below) is given to the Noteholders in accordance with Condition 18. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 18. The Issuer shall give notice (such notice a “**Failure to Deliver Notice**”) as soon as reasonably practicable to the Noteholders in accordance with Condition 18 that the provisions of this Condition 10(d) apply.

In these Terms and Conditions:

“**Affiliate**” means in relation to any entity (the “**First Entity**”), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes “**control**” means ownership of a majority of the voting power of an entity.

“**Failure to Deliver Settlement Price**” means, in respect of each nominal amount of the Notes equal to the lowest Specified Denomination, the fair market value of the Affected Relevant Assets on the fifth Business Day prior to the date on which the Failure to Deliver Notice is given as provided above, less the proportionate cost to the Issuer of unwinding or adjusting any related Swap Agreement or other underlying or related hedging arrangements in respect of the Notes, all as calculated by the Calculation Agent in its sole and absolute discretion.

(e) ***Definitions applicable to Equity Linked Notes***

For the purposes of this Condition 10:

“**Disrupted Day**” means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

“**Equity Issuer**” means, in relation to an Underlying Equity, the issuer of such Underlying Equity.

“**Exchange**” means, in respect of an Underlying Equity, each exchange or quotation system specified as such for such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Equity has temporarily relocated (provided that the Calculation



Agent has determined that there is comparable liquidity relative to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Exchange).

**“Exchange Business Day”** means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**“Market Disruption Event”** means, in respect of an Underlying Equity:

- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
  - (i) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
    - (A) relating to the Underlying Equity on the Exchange; or
    - (B) in futures or options contracts relating to the Underlying Equity on any relevant Related Exchange; or
  - (ii) any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Underlying Equities on the Exchange, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Underlying Equity on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (b) the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or if earlier (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**“Redemption Amount”** means, in relation to an Equity Linked Redemption Note, the Redemption Amount specified in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

- (i) in the case of a Call Equity Linked Redemption Note:
  - (a) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Redemption Note in the applicable Final Terms, is greater than the Strike Price:

$$\frac{\text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount} ; \text{ or}$$

- (b) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Redemption Note in the applicable Final Terms, is equal to or less than the Strike Price:

100 per cent. x Specified Amount; or

- (ii) in the case of a Put Equity Linked Redemption Note

- (a) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Redemption Note in the applicable Final Terms, is less than the Strike Price:

$100 \text{ per cent.} + \frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount}$  ; or

- (b) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Redemption Note in the applicable Final Terms, is equal to or greater than the Strike Price:

100 per cent. x Specified Amount,

provided always that the Redemption Amount shall in no event be less than zero. The Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.

**“Reference Price”** means, in relation to a Valuation Date:

- (A) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, an amount equal to the official closing price on that Valuation Date (or, if so specified in the applicable Final Terms the price at the Valuation Time on that Valuation Date) of the Underlying Equity quoted on the Exchange without regard to any subsequently published correction as determined by the Calculation Agent (or if, in the opinion of the Calculation Agent, no such price (or, as the case may be, no such official closing price) can be determined at such time and, if either Disrupted Day is specified as applying in the applicable Final Terms and that Valuation Date is not a Disrupted Day or if Disrupted Day is specified as not applying in the applicable Final Terms, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the fair market buying price at the Valuation Time on that Valuation Date and the fair market selling price at the Valuation Time on that Valuation Date for the Underlying Equity based, at the Calculation Agent’s discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide). The amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applying in the applicable Final Terms, into the Specified Currency at the Exchange Rate and such converted amount shall be the Reference Price; and
- (B) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, an amount equal to the sum of the values calculated for each Underlying Equity as the official closing price on that Valuation Date (or, if so specified in the applicable Final Terms, the price at the Valuation Time on that Valuation Date) of the Underlying Equity quoted on the relevant Exchange without regard to any subsequently published correction as determined by the Calculation Agent (or if, in the opinion of the Calculation Agent, no such price (or, as the case

may be, any such official closing price) can be determined at such time and, if Disrupted Day is specified as applying in the applicable Final Terms, and that Valuation Date is not a Disrupted Day or if Disrupted Day is specified as not applying in the applicable Final Terms, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the fair market buying price at the Valuation Time (or, as the case may be, of the closing fair market buying price) on that Valuation Date and the fair market selling price at the Valuation Time (or, as the case may be, of the closing fair market selling price) on that Valuation Date for the Underlying Equity based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide), multiplied by the Multiplier specified in the applicable Final Terms. Each value determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applying in the applicable Final Terms, into the Specified Currency at the Exchange Rate and the sum of such converted amounts shall be the Reference Price.

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

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

**"Scheduled Trading Day"** means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

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

**"Strike Price"** means the amount specified as such in the applicable Final Terms.

**"Underlying Equities"** and **"Underlying Equity"** mean the equity securities or equity security specified as such in the applicable Final Terms and related expressions shall be construed accordingly.

**"Valuation Date"** means the date or, in the case of Equity Linked Interest Notes, each date specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless Disrupted Day is specified as applying in the applicable Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day:

- (a) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, that Valuation Date shall be the first succeeding Scheduled

Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be that Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day; or

- (b) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, that Valuation Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and that Valuation Date for each Underlying Equity affected (each an **“Affected Equity”**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Equity. In that case (i) that eighth Scheduled Trading Day shall be deemed to be that Valuation Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where practicable, determine the Reference Price using, in relation to the Affected Equity, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, using its good faith estimate of the value for the Affected Equity as of the Valuation Time on that eighth Scheduled Trading Day and otherwise in accordance with the above provisions.

**“Valuation Time”** means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Underlying Equity to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## **11 Additional Disruption Events (applicable to Index Linked Notes and Equity Linked Notes only)**

### **(a) Additional Disruption Event**

If the Notes are Index Linked Notes or Equity Linked Notes and Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (ii) give notice to the Noteholders in accordance with Condition 18 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 18 stating the occurrence of the

Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

**(b) Definitions applicable to Additional Disruption Events**

**“Additional Disruption Event”** means any of Change of Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing (applicable only for Equity Linked Redemption Notes) and/or Loss of Stock Borrow, in each case if specified in the applicable Final Terms.

**“Change in Law”** means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (X) it has become illegal to hold, acquire or dispose of any relevant Underlying Equity (in the case of Equity Linked Notes) or any relevant security/commodity comprised in an Index (in the case of Index Linked Notes) or (Y) it will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

**“Hedging Disruption”** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**“Hedging Shares”** means the number of Underlying Equities (in the case of Equity Linked Notes) or securities/commodities comprised in an Index (in the case of Index Linked Notes) that the Calculation Agent deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

**“Increased Cost of Hedging”** means that the Issuer would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**“Increased Cost of Stock Borrow”** means that the Issuer would incur a rate to borrow any Underlying Equity (in the case of Equity Linked Notes) or any security/commodity comprised in an Index (in the case of Index Linked Notes) that is greater than the Initial Stock Loan Rate.

**“Initial Stock Loan Rate”** means, in respect of an Underlying Equity (in the case of Equity Linked Notes) or a security/commodity comprised in an Index (in the case of Index Linked Notes), the Initial Stock Loan Rate specified in relation to such Underlying Equity, security or commodity in the applicable Final Terms.

**“Insolvency Filing”** means that an Equity Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or

regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Equity Issuer shall not be deemed an Insolvency Filing.

**"Loss of Stock Borrow"** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Underlying Equity (in the case of Equity Linked Notes) or any securities/commodities comprised in an Index (in the case of Index Linked Notes) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**"Maximum Stock Loan Rate"** means, in respect of an Underlying Equity (in the case of Equity Linked Notes) or a security/commodity comprised in an Index (in the case of Index Linked Notes), the Maximum Stock Loan Rate specified in the applicable Final Terms.

## **12 Credit Linked Notes**

If the Notes are specified as Credit Linked Notes in the applicable Final Terms then the provisions of this Condition 12 apply as modified by the applicable Final Terms.

### **(a) Redemption of Credit Linked Notes**

Unless previously redeemed or purchased and cancelled and subject to Conditions to Settlement being satisfied during the Notice Delivery Period, each nominal amount of Notes equal to the lowest Specified Denomination set out in the applicable Final Terms will be redeemed by the Issuer at its Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

If Conditions to Settlement are satisfied during the Notice Delivery Period then (i) if Cash Settlement is specified in the applicable Final Terms, the provisions of Condition 12(b) shall apply or (ii) if Physical Delivery is specified in the applicable Final Terms, the provisions of Condition 12(c) shall apply.

### **(b) Cash Settlement**

If Cash Settlement is specified in the applicable Final Terms and Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the **"Credit Event Determination Date"**), the Issuer shall give notice (such notice a **"Settlement Notice"**) to the Noteholders in accordance with Condition 18 and redeem all but not some only of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination set out in the applicable Final Terms being redeemed by the Issuer at the Credit Event Redemption Amount specified in, or determined in the manner specified in the applicable Final Terms in the relevant Specified Currency on the Credit Event Redemption Date.

If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 12(b), upon payment of the Credit Event Redemption Amounts in respect of the Notes the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the lowest Specified Denomination of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(c) *Physical Settlement*

If Physical Delivery is specified in the applicable Terms and Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the “**Credit Event Determination Date**”), the Issuer shall give notice (such notice a “**Notice of Physical Settlement**”) to the Noteholders in accordance with Condition 18 and redeem all but not some only of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination set out in the applicable Final Terms being redeemed by the Issuer by Delivery of the Deliverable Obligations comprising the Asset Amount, subject to and in accordance with Conditions 12(g) and (h).

In the Notice of Physical Settlement, the Issuer shall specify the Deliverable Obligations comprising the Asset Amount that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Asset Amount, irrespective of their market value.

If “Restructuring Maturity Limitation and Fully Transferable Obligation” is specified as applying in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in the Asset Amount only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.

If “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified as applying in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in the Asset Amount only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 12(c), upon Delivery of the Deliverable Obligations Deliverable and/or payment of the Cash Settlement Amounts, as the case may be, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Cash Settlement Amount may be less than the Specified Denomination of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(d) *Repudiation/Moratorium Extension*

Where Repudiation/Moratorium is specified as a Credit Event in the applicable Final Terms, the provisions of this Condition 12(d) shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Termination Date or, if Condition 12(f)(y) applies, the Postponed Maturity Date and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will, in the sole determination of the Calculation Agent, fall after the Scheduled Termination Date, then the Calculation Agent shall notify the Noteholders in accordance with Condition 18 that a Potential Repudiation/Moratorium has occurred and:

- (i) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
  - (A) each nominal amount of Notes equal to the lowest Specified Denomination will be redeemed by the Issuer at the Redemption Amount on the fifth Business Day following the Repudiation/Moratorium Evaluation Date; and

- (B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Termination Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; and
- (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied in the Notice Delivery Period, the provisions of Condition 12(b) or Condition 12(c), as applicable, shall apply to the Notes.

The Irish Stock Exchange will be notified in respect of any such postponement of the Maturity Date pursuant to this Condition 12(d).

**(e) *Grace Period Extension***

If “Grace Period Extension” is specified as applying in the applicable Final Terms, the provisions of this Condition 12(e) shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Date but a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Termination Date (and such Grace Period(s) is/are continuing as at the Scheduled Termination Date), then:

- (i) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:
  - (A) each nominal amount of Notes equal to the lowest Specified Denomination will be redeemed by the Issuer at the Redemption Amount on the fifth Business Day following the Grace Period Extension Date; and
  - (B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Termination Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Grace Period Extension Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; and
- (ii) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied in the Notice Delivery Period, the provisions of Condition 12(b) or Condition 12(c), as applicable, shall apply to the Notes.

The Irish Stock Exchange will be notified in respect of such postponement of the Maturity Date pursuant to this Condition 12(e).



*(f) Maturity Date Extension*

If:

- (x) on (A) the Scheduled Termination Date or, (B), if applicable, the Repudiation/Moratorium Evaluation Date, or (C) if Grace Period Extension is specified as applying in the applicable Final Terms, the Grace Period Extension Date, as the case may be, Conditions to Settlement have not been satisfied but, in the opinion of the Calculation Agent, a Credit Event may have occurred; or
- (y) on the Scheduled Termination Date, in the opinion of the Calculation Agent a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may notify the Noteholders in accordance with Condition 18 that the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, has been postponed to a date (such date the “**Postponed Maturity Date**”) specified in such notice falling 14 calendar days after the Scheduled Termination Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, and

where:

- (i) in the case of Condition 12(f)(x), Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date or, in the case of Condition 12(f)(y), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:
  - (A) subject as provided below, each nominal amount of Notes equal to the lowest Specified Denomination will be redeemed by the Issuer at the Redemption Amount on the fifth Business Day following the Postponed Maturity Date; and
  - (B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Termination Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (ii) where
  - (A) in the case of Condition 12(f)(x), Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 12(b) or 12(c) as applicable shall apply to the Notes; or
  - (B) in the case of Condition 12(f)(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 12(d) shall apply to the Notes.

The Irish Stock Exchange will be notified in respect of any such postponement of the Maturity Date pursuant to this Condition 12(f).

(g) *Physical Delivery*

- (i) If any Note is to be redeemed by delivery of the Asset Amount(s), in order to obtain delivery of such Asset Amount(s):
  - (A) if such Note is represented by a Global Note, the relevant Noteholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice; and
  - (B) if such Note is in definitive form, the relevant Noteholder must deliver this Note to any Paying Agent with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, together with a duly completed Asset Transfer Notice.

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, or (ii) if such Note is in definitive form, in writing or by authenticated SWIFT message.

If this Note is in definitive form, this Note must be delivered together with the duly completed Asset Transfer Notice.

An Asset Transfer Notice must:

- (1) specify the name and address of the relevant Noteholder, the person from whom the Issuer may obtain details for the delivery of the Asset Amount and any details required for delivery of the Asset Amount set out in the applicable Final Terms;
- (2) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the Settlement Date;
- (3) include an undertaking to pay all Delivery Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Noteholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Delivery Expenses;
- (4) specify an account to which any amounts payable pursuant to Condition 12(h) or any other cash amounts specified in the applicable Final Terms as being payable are to be paid; and
- (5) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear or Clearstream, Luxembourg or a Paying Agent, as the case may be, as provided above.

After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

In the case of Notes represented by a Global Note, upon receipt of such notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the Noteholder is the holder of the specified nominal amount of Notes according to its books.

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Terms and Conditions shall be made, in the case of Notes represented by a Global Note, by Euroclear or Clearstream, Luxembourg, as the case may be, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder and, in the case of Notes in definitive form, by the relevant Paying Agent after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder.

Delivery of the Asset Amount(s) in respect of each Note shall be made at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Final Terms.

If a Noteholder fails to give an Asset Transfer Notice as provided herein on or prior to the Cut-Off Date specified in the applicable Final Terms, the Issuer will, subject as provided above, deliver the Deliverable Obligations constituting the Asset Amount in respect of the relevant Notes as soon as practicable after the receipt of the duly completed Asset Transfer Notice, **Provided That** if, in respect of a Note, a Noteholder fails to give an Asset Transfer Notice prior to the day falling 180 calendar days after the Cut-Off Date, the obligations of the Issuer in respect of such Notes shall be discharged and the Issuer shall not have any liability in respect thereof.

- (ii) All Delivery Expenses arising from the delivery of the Asset Amount in respect of any Notes shall be for the account of the relevant Noteholder and no delivery of any Asset Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

After delivery of an Asset Amount in respect of a Note and for the Intervening Period, none of the Issuer, the Calculation Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of the securities or obligations included in such Asset Amount, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations included in such Asset Amount or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations included in such Asset Amount.

- (iii) In relation to each Deliverable Obligation constituting any Asset Amount, the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided below on the Settlement Date **Provided That** if all or some of the Deliverable Obligations included in the Asset Amount in respect of a Note are Undeliverable Obligations and/or Hedge Disruption Obligations, then the Issuer

shall continue to attempt to Deliver all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, on or before the 30th Business Day following the Settlement Date (the “**Final Delivery Date**”),

**Provided Further That** if all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Condition 12(h) shall apply.

**(h) Partial Cash Settlement**

If all or a portion of the Undeliverable Obligations or Hedge Disruption Obligations comprising the Asset Amount in respect of a Note are not Delivered by the Final Delivery Date, the Issuer shall give notice (a “**Cash Settlement Notice**”) to the Noteholders in accordance with Condition 18 and the Issuer shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Cash Settlement Amount on the Cash Settlement Date.

In the Cash Settlement Notice, the Issuer must give details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

Unless otherwise specified in the applicable Final Terms, for the purposes of this Condition 12(h) the following terms shall be defined as follows:

“**Cash Settlement Amount**” is deemed to be, for each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, less if applicable (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Asset Amount), and (ii) zero.

“**Cash Settlement Date**” is deemed to be the date falling three Business Days after the calculation of the Final Price.

“**Indicative Quotation**” means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer’s reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

“**Market Value**” means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the same highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the applicable Final Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after

disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (ii) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if the Quotations are deemed to be zero, the Market Value shall be zero.

**"Quotation"** means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying in the applicable Final Terms, each Indicative Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (i) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the applicable Final Terms, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.
- (ii) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the applicable Final Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day of, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.
- (iii) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (iv) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for purposes of determining the Final Price.

**"Quotation Amount"** is deemed to be, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent

in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

**“Quotation Method”** is deemed to be Bid.

**“Reference Obligation”** is deemed to be each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

**“Valuation Method”** is deemed to be Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case **“Valuation Method”** is deemed to be Market.

**“Valuation Time”** is the time specified as such in the applicable Final Terms, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be.

**“Weighted Average Quotation”** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

(i) ***Redemption following a Merger Event***

If “Merger Event” is specified as applying in the applicable Final Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with Condition 18 and redeem each Note at the Early Redemption Amount on the Merger Event Redemption Date.

(j) ***Definitions applicable to Credit Linked Notes***

**“Accreted Amount”** means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent in its sole and absolute discretion) only if “Include Accrued Interest” is specified as being applicable in the applicable Final Terms. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation’s yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for the purposes of (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**“Accreting Obligation”** means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

**“Affiliate”** means, in relation to any entity (the **“First Entity”**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **“control”** means ownership of a majority of the voting power of an entity.

**“Asset Amount”** means, in respect of each nominal amount of Notes equal to the lowest Specified Denomination, Deliverable Obligations, as selected by the Calculation Agent in its sole and absolute discretion, with:

- (i) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance (including accrued but unpaid interest (as determined by the Calculation Agent) if **“Include Accrued Interest”** is specified as applying in the applicable Final Terms, but excluding accrued but unpaid interest if **“Exclude Accrued Interest”** is specified as applying in the applicable Final Terms, and if neither **“Include Accrued Interest”** nor **“Exclude Accrued Interest”** is specified as applying in the applicable Final Terms, excluding accrued but unpaid interest); or
- (ii) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the lowest Specified Denomination less, if Unwind Costs are specified as applying in the applicable Final Terms, Deliverable Obligations with a market value determined by the Calculation Agent in its sole and absolute discretion on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date equal to the Unwind Costs.

If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as of the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or circumstance.

**“Asset Transfer Notice”** means a duly completed asset transfer notice substantially in the form set out in the Agency Agreement.

**“Bankruptcy”** means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof or before the Scheduled Termination Date, whichever is earlier;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter or before the Scheduled Termination Date, whichever is earlier; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

**"Best Available Information"** means:

- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of "Successor", other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (ii) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "Successor".

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



**“Calculation Agent City Business Day”** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City specified in the applicable Final Terms.

**“Conditionally Transferable Obligation”** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of “Conditionally Transferable Obligation”.

For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Delivery Date for the Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

**“Conditions to Settlement”** means the delivery by the Calculation Agent to the Issuer of a Credit Event Notice that is effective and if notice of Publicly Available Information is specified as applying in the applicable Final Terms, a Notice of Publicly Available Information, that is effective, in each case, during the Notice Delivery Period.

**“Convertible Obligation”** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**“Credit Event”** means the occurrence of any one or more of the Credit Events specified in the applicable Final Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, or any additional Credit Event specified in the applicable Final Terms, as determined by the Calculation Agent.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal,

regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or

- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**“Credit Event Notice”** means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after 12.01 a.m. Greenwich Mean Time on the Trade Date and at or prior to 11.59 p.m., Greenwich Mean Time, on the latest of:

- (a) the Scheduled Termination Date;
- (b) where “Grace Period Extension” is specified as applying in the applicable Final Terms, the Grace Period Extension Date if (i) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Termination Date; and (ii) the Potential Failure to Pay with respect to such Failure to Pay occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Termination Date; and
- (c) the Repudiation/Moratorium Evaluation Date if:
  - (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/ Moratorium that occurs after the Scheduled Termination Date;
  - (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/ Moratorium occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Termination Date; and
  - (iii) the Repudiation/Moratorium Extension Condition is satisfied.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Condition 18.

**“Credit Event Redemption Amount”** means the amount specified as such in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

$$(A \times B) - C$$

where:

“A” is the lowest Specified Denomination;

“B” is the Final Price; and

“C” is Unwind Costs,

provided that in no event shall the Credit Event Amount be less than zero.

**“Credit Event Redemption Date”** means the day falling the number of Business Days specified in the applicable Final Terms after the calculation of the Final Price.

**“Currency Amount”** means, whenever an amount is denominated in a currency other than the Settlement Currency and is specified to be determined by reference to a Currency Amount, such amount converted to the relevant Settlement Currency using the Currency Rate.

**“Currency Rate”** means:

- (a) the rate determined by the Calculation Agent equal to the rate of conversion of the currency of the Deliverable Obligation into the Settlement Currency by reference to:
  - (i) if the Settlement Currency is U.S. Dollars, the Federal Reserve Bank of New York 10:00 a.m. (New York time) mid point rate as displayed on Reuters page FEDSPOT on the date that the Notice of Physical Settlement is deemed given, or in such other commercially reasonable manner as it shall determine; or
  - (ii) if the Settlement Currency is euro, the MEAN price as displayed on Reuters Page EUROFX/1 as of 12:00 p.m. (London time) on the date that the Notice of Physical Settlement is deemed given, or in such other commercially reasonable manner as it shall determine; or
- (b) if the Settlement Currency is not U.S. Dollars or euro, the rate determined by the Calculation Agent in its sole and absolute discretion in a commercially reasonable manner.

**“Default Requirement”** means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, USD10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

**“Deliver”** means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Asset Amount(s) to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of “Credit Event” above or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor) provided that if all or a portion of an Asset Amount consists of Direct Loan Participations, **“Deliver”** means to create (or procure the creation) of a participation in favour of the relevant Noteholder and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, **“Deliver”** means to Deliver both the Qualifying Guarantee and the Underlying Obligation. **“Delivery”** and **“Delivered”** will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

**“Deliverable Obligation”** means, subject as provided in Condition 12(c):

- (a) any obligation of a Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in “(A) Method for Determining Deliverable Obligations” below

(but excluding any Excluded Deliverable Obligation specified in the applicable Final Terms) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of “Credit Event” above) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;

- (b) subject to the second paragraph of the definition of “Not Contingent” in “(A) Method for Determining Deliverable Obligations” below, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;
  - (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a)-(d) of the definition of “Credit Event” above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
  - (d) any Additional Deliverable Obligation of a Reference Entity specified as such in the applicable Final Terms.
- (A) Method for Determining Deliverable Obligations. For the purposes of this definition of “Deliverable Obligation”, the term “Deliverable Obligation” may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to (B)(3) below, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the Delivery Date. The following terms shall have the following meanings:
- (1) **“Deliverable Obligation Category”** means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in the definition of “Obligation” below, except that, for the purpose of determining Deliverable Obligations, the definition of “Reference Obligations Only” shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).
  - (2) **“Deliverable Obligation Characteristics”** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of “Obligation” below),

Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer where:

- (i) **“Not Contingent”** means any obligation having as of the Delivery Date and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Deliverable Obligations that are Not Contingent if such Deliverable Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (A) and (B) of paragraph (i) above have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

- (ii) **“Assignable Loan”** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (iii) **“Consent Required Loan”** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such loan) or any agent;
- (iv) **“Direct Loan Participation”** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer (to the extent that the Issuer is then a lender or a member of the relevant lending syndicate), or

(B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

- (v) **“Transferable”** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
  - (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (vi) **“Maximum Maturity”** means an obligation that has a remaining maturity from the Settlement Date of not greater than the period specified in the applicable Final Terms;
- (vii) **“Accelerated or Matured”** means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (viii) **“Not Bearer”** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system.

(B) Interpretation of Provisions.

- (1) If the Obligation Characteristic “Listed” is specified in the applicable Final Terms, the Final Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
- (2) if (i) either of the Deliverable Obligation Characteristics “Listed” or “Not Bearer” is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if

Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic “Transferable” is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics “Assignable Loan”, “Consent Required Loan” or “Direct Loan Participation” is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;

- (3) if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and
- (4) in the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:
  - (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
  - (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
  - (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic of Not Subordinated, if specified in the applicable Final Terms.

- (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (v) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (vi) The terms “Outstanding Principal Balance” and “Due and Payable Amount” (as they are used in these Terms and Conditions, including without limitation, the definitions of “Cash Settlement Amount” and “Quotation Amount” in Condition 12(h)), when used in connection with Qualifying Guarantees are to be interpreted to be the then “Outstanding Principal Balance” or “Due and Payable Amount”, as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

For the avoidance of doubt the provisions of this paragraph (B) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

**“Delivery Date”** means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.

**“Delivery Expenses”** means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the Delivery of the Asset Amount.

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

**“Downstream Affiliate”** means an entity, at the date of the event giving rise to the Credit Event which is the subject of the Credit Event Notice, the Delivery Date or the time of identification of a Substitute Reference Obligation (as applicable), whose outstanding Voting Shares are more than 50 per cent. owned, directly or indirectly, by the Reference Entity. **“Voting Shares”** shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**“Due and Payable Amount”** means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation, the amount that is due and payable under (and in accordance with the terms of) a Deliverable



Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

**“Eligible Transferee”** means each of the following:

- (a)
  - (i) any bank or other financial institution;
  - (ii) an insurance or reinsurance company;
  - (iii) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below); and
  - (ix) a registered or licensed broker or dealer (other than a natural person or proprietorship),

provided, however, in each case that such entity has total assets or at least U.S.\$500 million;

- (b) an Affiliate of an entity specified in the preceding sub-paragraph (a);
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least U.S.\$100 million or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.\$100 million; or
  - (ii) that has total assets of at least U.S.\$500 million; or
  - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(ii) or (d); and
- (d) a Sovereign, Sovereign Agency or Supranational Organisation.

All references in this definition to U.S.\$ include equivalent amounts in other currencies.

**“Equity Securities”** means:

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

**“Exchangeable Obligation”** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**“Excluded Deliverable Obligation”** means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

**“Excluded Obligation”** means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

**“Failure to Pay”** means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

**“Final Delivery Date”** is as defined in Condition 12(g).

**“Final Price”** means the price of the relevant Reference Obligation(s), as the case may be, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms or, where applicable, Condition 12(k). The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Noteholders at the specified office of the Principal Paying Agent (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

**“Full Quotation”** means, in accordance with the Quotation Method each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an Outstanding Principal Balance equal to the Quotation Amount.

**“Fully Transferable Obligation”** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this definition of “Fully Transferable Obligation”. For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of “Fully Transferable Obligation”, such determination shall be made as of the Delivery Date for the relevant Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

**“Governmental Authority”** means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

**“Grace Period”** means:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect

as of the later of the Trade Date and the date as of which such Obligation is issued or incurred;

- (b) if Grace Period Extension is specified as applying in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Termination Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified in the applicable Final Terms, thirty calendar days; and
- (c) if, at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applying in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Termination Date.

**“Grace Period Business Day”** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

**“Grace Period Extension Date”** means, if:

- (a) Grace Period Extension is specified as applying in the applicable Final Terms; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Date, the day falling the number of days in the Grace Period after the date of such Potential Failure to Pay.

**“Hedge Disruption Event”** means in the opinion of the Calculation Agent any event as a result of which the Issuer has not received the relevant Deliverable Obligations under the terms of any related Swap Agreement or other transaction entered into by the Issuer to hedge the obligations or position of the Issuer in respect of the Notes.

**“Hedge Disruption Obligation”** means a Deliverable Obligation included in the Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.

**“Intervening Period”** means such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Asset Amount.

**“Market Value”** means, with respect to a Reference Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);

- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

**“Merger Event”** means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Termination Date the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, a Reference Entity or the Issuer, as applicable, or the Issuer and a Reference Entity become Affiliates.

**“Minimum Quotation Amount”** means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

**“Modified Eligible Transferee”** means any bank, financial institution or other entity which is regularly engaged in and established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

**“Modified Restructuring Maturity Limitation Date”** means, with respect to a Deliverable Obligation, the date that is the later of (x) the Scheduled Maturity Date and (y) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months following the Restructuring Date in the case of all other Deliverable Obligations.

**“Notice Delivery Period”** means the period from and including the Trade Date to and including (a) the Scheduled Termination Date; (b) the Grace Period Extension Date if (i) “Grace Period Extension” is specified as applying in the applicable Terms, (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Termination Date, and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Termination Date; (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Termination Date, (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Termination Date and (iii) the Repudiation/Moratorium Extension Condition is satisfied; or (d) the Postponed Maturity Date if the Maturity Date is postponed pursuant to Condition 12(k).

**“Notice of Publicly Available Information”** means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent

has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applying in the applicable Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Condition 12(k).

**“Obligation”** means:

- (a) any obligation of a Reference Entity (either directly, as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in “Method for Determining Obligations” below (but excluding any Excluded Obligation);
- (b) each Reference Obligation specified in the applicable Final Terms, unless specified as an Excluded Obligation; and
- (c) any Additional Obligation of a Reference Entity specified as such in the applicable Final Terms.

**Method for Determining Obligations.** For the purposes of paragraph (a) of this definition of “Obligation”, the term “Obligation” may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Final Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

- (A) **“Obligation Category”** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms, where:
  - (1) **“Payment”** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (2) **“Borrowed Money”** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (3) **“Reference Obligations Only”** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (4) **“Bond”** means any obligation of a type included in the “Borrowed Money” Obligation Category that is in the form of, or represented by, a bond, note

- (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
- (5) **“Loan”** means any obligation of a type included in the “Borrowed Money” Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (6) **“Bond or Loan”** means any obligation that is either a Bond or a Loan.
- (B) **“Obligation Characteristics”** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Final Terms, where:
- (1)
    - (a) **“Not Subordinated”** means an obligation that is not Subordinated to the most senior Reference Obligation in priority of payment or, if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity. For purposes of determining whether an obligation satisfies the “Not Subordinated” Obligation. Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (1) the Trade Date specified in the applicable Final Terms and (2) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date;
    - (b) **“Subordination”** means, with respect to an obligation (the **“Subordinated Obligation”**) and another obligation of the Reference Entity to which such obligation is being compared (the **“Senior Obligation”**), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. **“Subordinated”** will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;
  - (2) **“Specified Currency”** means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Specified Currency is specified in the applicable Final Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively in the applicable Final Terms as the **“Standard Specified Currencies”**);

- (3) **“Not Sovereign Lender”** means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as “Paris Club debt”;
- (4) **“Not Domestic Currency”** means any obligation that is payable in any currency other than the Domestic Currency;
- (5) **“Not Domestic Law”** means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (6) **“Listed”** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (7) **“Not Domestic Issuance”** means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

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

**“Obligation Currency”** means the currency or currencies in which the Obligation is denominated.

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

**“Outstanding Principal Balance”** means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation:

- (a) with respect to any Accreting Obligation, the Accreted Amount thereof; and
- (b) with respect to any other obligation, the outstanding principal balance of such obligation,

**Provided That** with respect to any Exchangeable Obligation that is not an Accreting Obligation, **“Outstanding Principal Balance”** shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**“Payment Requirement”** means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not

specified in the applicable Final Terms, USD1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**“Permitted Currency”** means (i) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long term debt rating of either AAA or higher assigned to it by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody’s Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

**“Physical Settlement Period”** means the number of Business Days specified as such in the applicable Final Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Asset Amount, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent.

**“Potential Failure to Pay”** means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

**“Potential Repudiation/Moratorium”** means the occurrence of an event described in paragraph (i) of the definition of Repudiation/Moratorium.

**“Publicly Available Information”** means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which:
  - (i) has been published in or not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation;
  - (ii) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
  - (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or
  - (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.



- (b) In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation and (ii) a holder of the Obligation with respect to which a Credit Event has occurred, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to a Reference Entity.
- (c) In relation to any information of the type described in paragraphs (a) (ii), (iii) and (iv) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.
- (d) Publicly Available Information need not state:
  - (i) in relation to the definition of “Downstream Affiliate”, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
  - (ii) that such occurrence:
    - (A) has met the Payment Requirement or Default Requirement;
    - (B) is the result of exceeding any applicable Grace Period; or
    - (C) has met the subjective criteria specified in certain Credit Events.

“**Public Source**” means each source of Publicly Available Information specified as such in the applicable Final Terms (or if a source is not specified in the applicable Final Terms, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

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

“**Qualifying Guarantee**” means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the “**Underlying Obligation**”) for which another party is the obligor (the “**Underlying Obligor**”) and that is not at the time of the Credit Event Subordinated to any unsubordinated Borrowed Money obligation of the Underlying Obligor (with references in the definition of Subordination to the Reference Entity deemed to refer to the Underlying Obligor). Qualifying Guarantees shall exclude any arrangement structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement. The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

“**Qualifying Participation Seller**” means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**“Quotation”** means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.
- (b)
  - (i) If “Include Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;
  - (ii) if “Exclude Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
  - (iii) if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

**“Quotation Amount”** means the amount specified as such in the applicable Final Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the applicable Final Terms, the Aggregate Nominal Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

**“Quotation Dealer”** means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained including each Quotation Dealer specified in the applicable Final Terms. If no Quotation Dealers are specified in the applicable Final Terms, the Calculation Agent shall select the Quotation Dealers in its sole and absolute discretion. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

**“Quotation Method”** means the applicable Quotation Method specified in the applicable Final Terms by reference to one of the following terms:

- (a) **“Bid”** means that only bid quotations shall be requested from Quotation Dealers;
- (b) **“Offer”** means that only offer quotations shall be requested from Quotation Dealers;  
or
- (c) **“Mid-market”** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Quotation Dealer’s quotation.

If a Quotation Method is not specified in the applicable Final Terms, Bid shall apply.

**“Reference Entity”** means the entity or entities specified as such in the applicable Final Terms. Any Successor to a Reference Entity identified pursuant to the definition of “Successor” in this Condition 12(j) shall be the Reference Entity for the purposes of the relevant Series.

**“Reference Obligation”** means each obligation specified or of a type described as such in the applicable Final Terms (if any are so specified or described) and any Substitute Reference Obligation.

**“Relevant Obligations”** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

**“Representative Amount”** means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

**“Repudiation/Moratorium”** means the occurrence of both of the following events:

- (i) an authorised officer of a Reference Entity or a Governmental Authority:
  - (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
  - (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (ii) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

**“Repudiation/Moratorium Evaluation Date”** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date, (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium.

**“Repudiation/Moratorium Extension Condition”** means the delivery of a Repudiation/Moratorium Extension Notice and, if specified as applicable in the applicable Final Terms, Notice of Publicly Available Information by the Calculation Agent to the Issuer that is effective during the period from and including the Trade Date to and including the Scheduled Termination Date or, if Condition 12(f)(y) applies, the Postponed Maturity Date.

**“Repudiation/Moratorium Extension Notice”** means an irrevocable notice (which may be by telephone) from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or after the Trade Date and on or prior to the Scheduled Termination Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**“Restructuring”** means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (a) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted

the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

- (b) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (c) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of the definition of Restructuring and Condition 10(l), the term “Obligation” shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

**“Restructured Bond or Loan”** means an Obligation which is a Bond or Loan and in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

**“Restructuring Date”** means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**“Restructuring Maturity Limitation Date”** means the date that is the earlier of (x) thirty months following the Restructuring Date and (y) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Scheduled Termination Date or later than thirty months following the Scheduled Termination Date and if it is, it shall be deemed to be the Scheduled Termination Date or thirty months following the Scheduled Termination Date, as the case may be.

**“Settlement Currency”** means the currency specified as such in the applicable Final Terms, or if no currency is specified in the applicable Final Terms, the Specified Currency of the Notes.

**“Settlement Date”** means the last day of the longest Physical Settlement Period following the satisfaction of Conditions to Settlement (the **“Scheduled Settlement Date”**) **Provided That** if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Settlement Date, the Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling 60 Business Days following the Scheduled Settlement Date.

**“Sovereign”** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof.

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

**“Sovereign Restructured Deliverable Obligation”** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant

Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to paragraph (3) of “(B) Interpretation of Provisions” in the definition of “Deliverable Obligation”, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

**“Specified Number”** means the number of Public Source(s) specified in the applicable Final Terms, or if no number is specified in the applicable Final Terms, two.

**“Substitute Reference Obligation”** means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations in respect of such Reference Entity, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that:
  - (i) a Reference Obligation in respect of such Reference Entity is redeemed in whole; or
  - (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation in respect of such Reference Entity have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation in respect of such Reference Entity is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation in respect of a Reference Entity is no longer an obligation of such Reference Entity,

the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation in respect of a Reference Entity.

- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* (or, if no such Obligation exists, then, at the option of the Issuer an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the Trade Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (3) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all such

Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each such Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.

(d) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all such Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

(e) If:

(i) more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all such Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of such Reference Obligations; or

(ii) only one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation,

then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the later of (A) the Scheduled Termination Date, (B) the Grace Period Extension Date (if any) and (C) the Repudiation/Moratorium Evaluation Date (if any). If (i) either Cash Settlement is specified in the applicable Final Terms and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or Physical Delivery is specified in the applicable Final Terms and the Reference Obligation is the only Deliverable Obligation and (ii) on or prior to the later of (A) the Scheduled Termination Date, (B) the Grace Period Extension Date or (C) the Repudiation/Moratorium Evaluation Date, a Substitute Reference Obligation has not been identified, the obligations of the Issuer under the Notes shall cease as of the later of (A) the Scheduled Termination Date, (B) the Grace Period Extension Date or (C) the Repudiation/Moratorium Evaluation Date.

(f) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

**"Succession Event"** means an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, **"Succession Event"** shall not include an event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event.

**“Successor”** means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:
  - (i) if one entity directly or indirectly succeeds to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (iv) if one or more entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
  - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor; and
- (b) in relation to a Sovereign Reference Entity, any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

In the case of (a) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the Succession Event), and with



effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Noteholder(s) at the specified office of the Principal Paying Agent.

Where pursuant to paragraph (a) (iii) or (a)(iv) above, more than one Successor has been identified, the Calculation Agent shall adjust such of these Terms and Conditions and/or the applicable Final Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of these Terms and Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes under the provisions of the 2003 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 18, stating the adjustment to these Terms and Conditions and/or the applicable Final Terms and giving brief details of the relevant Succession Event.

For the purposes of this definition of “Successor”, “**succeed**” means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (a) of this definition of “Successor” shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

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

a Substitute Reference Obligation will be determined in accordance with the definition of “Substitute Reference Obligation” above.

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

**“Trade Date”** means the date specified as such in the applicable Final Terms.

**“Undeliverable Obligation”** means a Deliverable Obligation included in the Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans) it is impossible or illegal to Deliver on the Settlement Date.

**“Unwind Costs”** means the amount specified in the applicable Final Terms or if “Standard Unwind Costs” are specified in the applicable Final Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, fees, charges, expenses (including loss of funding), tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned pro rata amongst each nominal amount of Notes in the lowest Specified Denomination.

**“Valuation Date”** means (a) where Physical Delivery is specified as applying in the applicable Final Terms the day falling three Business Days after the Final Delivery Date, or (b) where Cash Settlement is specified as applying in the applicable Final Terms, if “Single Valuation Date” is specified in the applicable Final Terms, the date that is the number of Business Days specified in the Final Terms after the Credit Event Determination Date or, if the number of Business Days is not so specified, five Business Days after the Credit Event Determination Date, and if “Multiple Valuation Dates” is specified in the applicable Final Terms, each of the following dates:

- (i) the date that is the number of Business Days specified in the applicable Final Terms after the Credit Event Determination Date (or, if the number of Business Days is not specified, five Business Days); and
- (ii) each successive date that is the number of Business Days specified in the applicable Final Terms (or if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When “Multiple Valuation Dates” is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Final Terms, Single Valuation Date shall apply.

**“Valuation Method”:**

- (a) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and only one Valuation Date:
  - (i) **“Market”** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
  - (ii) **“Highest”** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Highest.

- (b) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and more than one Valuation Date:
- (i) **“Average Market”** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
  - (ii) **“Highest”** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
  - (iii) **“Average Highest”** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Highest.

- (c) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and only one Valuation Date:
- (i) **“Blended Market”** means the unweighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or
  - (ii) **“Blended Highest”** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Blended Highest.

- (d) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and more than one Valuation Date:
- (i) **“Average Blended Market”** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or
  - (ii) **“Average Blended Highest”** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Blended Highest.

- (e) Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

**“Valuation Time”** means the time specified as such in the applicable Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

**“Weighted Average Quotation”** means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but, if a Minimum Quotation Amount is specified in the applicable Final Terms, of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

**(k) Credit Event Notice after Restructuring Credit Event**

If Condition 12(k) is specified as applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in these Terms and Conditions, upon the occurrence of a Restructuring Credit Event during the Notice Delivery Period:

- (a) the Calculation Agent may deliver a Credit Event Notice in respect of an amount (the **“Partial Redemption Amount”**) that is less than the principal amount outstanding of each Note immediately prior to the delivery of such Credit Event Notice. In such circumstances the provisions of Condition 12 shall be deemed to apply to the Partial Redemption Amount only and each such Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (b) For the avoidance of doubt (i) the principal amount of each such Note not so redeemed in part shall remain outstanding and interest shall accrue on the principal amount outstanding of such Note as provided in Condition 6 (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (ii) the provisions of Condition 12 shall apply to such principal amount outstanding of such Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (iii) once a Credit Event Notice with respect to a Restructuring Credit Event has been delivered in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the Restructuring Credit Event.
- (c) If the provisions of this Condition 12(k) apply in respect of the Notes, on redemption of part of each such Note the relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

**(l) Provisions relating to Multiple Holder Obligation**

If Condition 12(l) is specified as applicable in the applicable Final Terms, notwithstanding anything to the contrary in the definition of “Restructuring” and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in subparagraphs (i) to (v) of the definition of “Restructuring” shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

**“Multiple Holder Obligation”** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

(m) *Provisions taken from the ISDA supplement titled "Additional Provisions – Monoline Insurer as Reference Entity (May 2003)"*

If Condition 12(m) is specified as applicable in the applicable Final Terms, the following provisions will apply:

- (a) **Obligation and Deliverable Obligation.** Paragraph (a) of the definition of "Obligation" in Condition 12(j) and paragraph (a) of the definition of "Deliverable Obligation" in Condition 12(j) are hereby amended by adding "or Qualifying Policy" after "as provider of a Qualifying Affiliate Guarantee".
- (b) **Interpretation of Provisions.** In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, paragraph (B) of the definition of "Deliverable Obligation" in Condition 12(j) will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:
  - (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in this Condition 12 in respect of such an Insured Instrument shall be construed accordingly;
  - (ii) references in the definitions of Assignable Loan and Consent Required Loan to "the guarantor" and "guaranteeing" shall be deemed to include "the insurer" and "insuring", respectively;
  - (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the applicable Final Terms;
  - (iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the applicable Final Terms and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and
  - (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "Outstanding Principal Balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (c) **Not Contingent.** An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing

under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction. By specifying that this Condition 12(m) is applicable, no inference should be made as to the interpretation of the “Not Contingent” Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.

- (d) Deliver. For the purposes of the definition of “Deliver” in Condition 12(j), “**Deliver**” with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and “Delivery” and “Delivered” will be construed accordingly.
- (e) Provisions for Determining a Successor. The paragraph commencing “For the purposes of this definition of “Successor” ...” in the definition of “Successor” in Condition 12(j) is hereby amended by adding “or insurer” after “or guarantor”.
- (f) Substitute Reference Obligation. The first paragraph of the definition of “Substitute Reference Obligation” and paragraph (b) thereof in Condition 12(j) is hereby amended by adding “or Qualifying Policy” after “or as provider of a Qualifying Affiliate Guarantee”. For purposes of sub-paragraph (a)(ii)(B) the definition of “Substitute Reference Obligation” references to “the Qualifying Guarantee” and the “Underlying Obligation” shall be deemed to include “the Qualifying Policy” and “the Insured Instrument”, respectively.
- (g) Other Provisions. For purposes of paragraph (a)(ii) of the definition of “Deliverable Obligation” and the definitions of “Credit Event” and “Deliver” in Condition 12(j) references to “the Underlying Obligation” and “the Underlying Obligor” shall be deemed to include “Insured Instruments” and the “Insured Obligor”, respectively.
- (h) Additional Definitions.

“**Qualifying Policy**” means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in this Condition 12(m)) (the “Insured Instrument”) for which another party (including a special purpose entity or trust) is the obligor (the “Insured Obligor”). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being Delivered together with the Delivery of the Insured Instrument.

“**Instrument Payments**” means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in Condition 12(m)(c) above

and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

**"Certificate Balance"** means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

**(n) Supplement to provisions relating to Qualifying Guarantee and Underlying Obligation**

(a) If this Condition 12(n) is specified as applicable in the applicable Final Terms, Condition 12(j) shall be amended by:

(i) the deletion of the definition of "Downstream Affiliate" and the substitution of the following therefor:

**"Downstream Affiliate"** means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity.";

(ii) the deletion of paragraphs (B)(4)(ii) and (B)(4)(iii) of the definition of "Deliverable Obligation", the substitution of the following therefor and the re-numbering of the remaining paragraphs accordingly:

"(ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law."; and

(iii) the deletion of the definition of "Qualifying Guarantee" and the substitution of the following therefor:

**"Qualifying Guarantee"** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the "Underlying Obligation") for which another party is the obligor (the "Underlying Obligor"). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation."; and

- (b) Condition 12(l) shall be amended by the insertion of the following at the end of the first paragraph thereof:

“provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii) of the definition of “Multiple Holder Obligation” below”.

(o) ***Calculation Agent and Calculation Agent Notices***

Whenever the Calculation Agent is required to act or exercise judgment, it will do so in good faith and in a commercially reasonable manner. The Calculation Agent shall, as soon as practicable after making any determination pursuant to this Condition 12, notify the Issuer and the Noteholders of such determination. The Calculation Agent is not acting as a fiduciary for or as an advisor to the Noteholders in respect of its duties as Calculation Agent in connection with any Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to this Condition 12 shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

In relation to the delivery by the Calculation Agent to the Issuer of any notice pursuant to this Condition 12, a notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. A notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day or on a day which is not a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

**13 Payments and Talons**

(a) ***Bearer Notes***

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of payments of principal) or Coupons (in the case of interest), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on or at the option of the holder, by transfer to an account denominated in that currency with a bank in the principal financial centre of the country of that currency (other than the United States) provided that (i) in the case of Euro, the transfer may be to, or the cheque drawn on, a Euro account with a bank in a city in which banks have access to the TARGET System and (ii) in the case of yen, the transfer will be to a non-resident yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan).



**(b) Registered Notes**

- (i) Payments of principal in respect of Registered Notes will be made against presentation and surrender of the relevant Individual Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 13(b)(ii).
- (ii) Interest on Registered Notes will be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in Condition 13(a), such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

**(c) Payments subject to law etc.**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

**(d) Payments in the United States**

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such other offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

**(e) Appointment of Agents**

The Paying Agents, the Registrar, the Transfer Agents, the Administration Agent, the Custodian, the Calculation Agent and their respective specified offices are set out in the Agency Agreement. The Paying Agents, the Registrar, the Transfer Agent, the Administration Agent, the Custodian and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any Paying Agent, the Registrar, the Transfer Agent, the Administration Agent, the Custodian, or the Calculation Agent and to appoint additional or other Paying Agents, Registrar, Transfer Agent, Administration Agent or Calculation Agent (if applicable), provided that it will at all times maintain (i) a Principal Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Custodian, (v) an Administration Agent, (vi) a Calculation Agent where the Conditions so require one, (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to

conform to, such Directive and (viii) such other agent as may be required by the rules of any stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 13(d) above.

Notice of any such change or any change of any specified office will be given promptly to the Noteholders in accordance with Condition 18.

**(f) *Unmatured Coupons and Unexchanged Talons***

- (i) Upon the due date for redemption of any Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no coupon shall be delivered in respect of such Talon.
- (iii) Where any Note is presented for redemption without all unmatured Coupons relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (iv) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which only bears interest after its Maturity Date or date of redemption shall be payable on redemption of such Note against presentation thereof.

**(g) *Talons***

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet).

**(h) *Non-Business Days***

If any date for payment in respect of any Note or Coupon is not a Business Day (as defined in Condition 6(b)(i)(4)(A)), the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

**(i) *Interpretation of Principal and Interest***

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

- (i) any additional amounts which may be payable with respect to principal under Condition 11(a);
- (ii) the Final Redemption Amount;
- (iii) the Early Redemption Amount;

- (iv) the Optional Redemption Amount(s) (if any);
- (v) in relation to Credit Linked Notes, the Credit Event Redemption Amount (if any);
- (vi) in relation to Equity Linked Redemption Notes, the Failure to Deliver Settlement Price (if any);
- (vii) in relation to Equity Linked Redemption Notes, the Disruption Cash Settlement Price (if any);
- (viii) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (ix) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7 (e)(iii)); and
- (x) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 22(a).

## **14 Enforcement**

### **(a) *Events of Default and Acceleration***

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of Notes then outstanding, or if so directed by an Extraordinary Resolution of such holders, shall give notice (subject in each case to being indemnified and/or secured to its satisfaction) to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount, together with accrued interest (if any) thereon and the Series Security shall become enforceable, as provided in the Trust Deed, upon the occurrence of an Event of Default. An Event of Default is defined in the Master Trust Deed (but subject to the provisions of the Supplemental Trust Deed) as the occurrence of any of the following events:

- (i) the Issuer defaults in the payment of the Redemption Amount, Final Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, as the case may be, or defaults for a period of 14 days or more in the payment of any sum other than the Redemption Amount, Final Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, as the case may be, due in respect of the Notes, or any of them; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) if any order shall be made by any competent court or any resolution passed for the winding up or dissolution of the Issuer save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution or if the Issuer is subject to any insolvency, bankruptcy, compulsory liquidation, examination, controlled management procedures or suspension of payments; or

- (iv) if the Issuer is deemed to be unable to pay its debts as and when they fall due within the meaning of Section 214 of the Companies Act, 1963 of Ireland (as amended) or Section 2(3) of the Companies (Amendment) Act, 1990 of Ireland (as amended).

**(b) *Enforcement***

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding, and (ii) it shall have been indemnified and/or secured to its satisfaction.

**(c) *Non Petition and Limited Recourse***

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders or Couponholders and no Noteholder or Couponholder is entitled to proceed against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable time and such failure or neglect is continuing.

The Trustee, any Swap Counterparty, the Agents, the Portfolio Manager and the Noteholders and Couponholders shall have recourse only to the Series Secured Assets for satisfaction and discharge of the Issuer's obligations and liabilities arising under or in connection with the Notes or the Series Documents and, the Trustee having realised the same and distributed the net proceeds in accordance with the Supplemental Trust Deed, the Trustee, any Swap Counterparty, any Agent, the Portfolio Manager and the Noteholders and Couponholders or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer to recover any further sum (save for lodging a claim in the liquidation of the Issuer initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer) and the right to receive any such sum shall be extinguished. In particular, none of the Trustee, any Swap Counterparty, any Agent, the Portfolio Manager or any Noteholder or Couponholder, nor any other party to a Series Document shall be entitled to petition or take any other step for the winding-up of, or take any steps to institute insolvency proceedings in relation to, the Issuer.

**15 *Prescription***

Claims against the Issuer for payment in respect of Notes and Coupons shall be prescribed and become void unless made within ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

**16 *Agents***

In acting under the Agency Agreement and the Trust Deed, the Agents which are party to the Agency Agreement act solely as agents of the Issuer unless an Event of Default or Potential Event of Default (as defined in the Trust Deed occurs), when such Agents will, if required to do so, act as agents of the Trustee, and will not assume any obligation or relationship of agency or trust to or with the Noteholders or the Couponholders. The Issuer has agreed in the Trust Deed to perform and observe the obligations imposed upon it under the Agency Agreement and the Trust Deed. Such agreements may be amended by the parties thereto with the approval of the Trustee if, in the opinion of the Trustee, the amendment is not materially prejudicial to the interests of the Noteholders. The Issuer may not, without the consent of the Trustee, replace any Agent.

## **17 Replacement of Notes, Coupons and Talons**

If a Note, Individual Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Principal Paying Agent in Dublin (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Individual Certificates) in each case 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 Note, Coupon or Talon is subsequently presented for payment or as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Individual Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Individual Certificates, Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **18 Notices**

Notices to holders of Registered Notes will be mailed to them at their respective addresses in the Register and deemed to have been given on the next weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

Notices to holders of Notes represented by a Global Note or Global Certificate, as applicable, will be delivered to the Common Depositary for communication by it to Euroclear and/or Clearstream, Luxembourg or other clearing system for communication by them to their participants and for communication by such participants to entitled accountholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg as aforesaid shall be deemed to have been given on the day on which it is delivered to the Common Depositary. In addition, if the Notes are not represented by a Global Note or Global Certificate, or if the rules of the Irish Stock Exchange or any other stock exchange or market on which the relevant Notes are listed or admitted to trading so require, all notices to holders of Notes will be published in a daily newspaper with circulation in Ireland (expected to be The Irish Times). If in the opinion of the Trustee, any such publication is not practicable, notice shall be validly given if published in another leading English language newspaper with general circulation in Europe. Any such notice to holders of Bearer Notes and Registered Notes shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## **19 Meetings of Noteholders; Modification; Waiver; etc.**

### **(a) Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the terms and conditions of the Notes. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting, one or more persons being or representing Noteholders, whatever the principal amount of the Notes so held or represented, except that, *inter alia*, the terms of the Series Security and certain terms concerning the amount and currency and the postponement of the due dates of payment of the Notes and the Coupons (except where such modification is, in the opinion of the Trustee, not materially prejudicial to the interests of Noteholders), or the provisions concerning the

quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, may be modified only by Extraordinary Resolutions passed at a meeting the quorum at which shall be one or more persons holding or representing not less than two-thirds, or at any such adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they were present at such meeting, and on the holders of Coupons. The Trustee, without consulting the Noteholders or holders of Coupons, may determine that an event which would otherwise be an Event of Default shall not be so treated in accordance with Condition 19(b) below.

**(b) *Modification and Waiver***

The Trustee may agree, without the consent of the Noteholders or holders of Coupons, to (i) any modification of any of the provisions of the Supplemental Trust Deed or any other Series Document which is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as provided in the Trust Deed), waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed or any other Series Document which, in any such case, is not in the opinion of the Trustee materially prejudicial to the interests of the Noteholders. Any such determination, modification, authorisation or waiver shall be binding on the Noteholders and holders of Coupons, and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter.

**(c) *Substitution***

Subject to such amendment of the Trust Deed and such other conditions as the Trustee may require including the transfer of the Series Security, but without the consent of the Noteholders or Couponholders, the Trustee may agree to the substitution of any other company in place of the Issuer as principal debtor under the Trust Deed and the Notes and in place of the Issuer under any Series Document. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed and/or any Series Document provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. Subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or Couponholders, the Trustee may also agree to the change of the branch or office of the Custodian.

**(d) *Entitlement of the Trustee***

In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution as aforesaid) under these Conditions or the Trust Deed the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholders or Couponholders be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any exercise upon individual Noteholders or Couponholders. Save as otherwise provided, the Trustee shall not have regard to the interests of any secured party other than the Noteholders except to apply the proceeds of enforcement of the Series Security in accordance with the order of priority set out in the Supplemental Trust Deed.

(e) **Meetings**

The Trust Deed provides *inter alia* that (a) except where the Conditions specifically state that one meeting of Noteholders of more than one Series will be held, separate meetings of Noteholders of each separate Series will normally be held although the Trustee may from time to time determine that meetings of Noteholders of each separate Series issued by the Issuer may be held together; (b) a resolution that in the opinion of the Trustee affects one Series alone shall be deemed to have been duly passed if passed at a separate meeting of the holders of Notes of the Series concerned; (c) a resolution which in the opinion of the Trustee affects the holders of more than one Series of Notes issued by the Issuer but does not give rise to a conflict of interest between the holders of the other Series of Notes concerned shall be deemed to have been duly passed if passed at a single meeting of the holders of Notes of all the relevant Series provided that for the purposes of determining the votes that a Noteholder is entitled to cast, each Noteholder shall have one vote in respect of each integral currency limit of the specified currency of the Notes; (d) a resolution that in the opinion of the Trustee affects the holders of more than one Series of Notes and gives or may give rise to a conflict of interest between the holders of the other Series of Notes concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the holders of the relevant Series of Notes, except where the Conditions specifically state that one meeting of Noteholders of more than one Series will be held; and (e) if the Issuer proposes to exchange part of an existing Series of Notes for Notes of a new Series, only the Notes to be exchanged shall be deemed to be Notes of the relevant Series.

(f) **Series Secured Assets**

Except where the Conditions or the Series Documents expressly so provide, the Issuer will not exercise any rights or take any action in its capacity as holder of the Series Secured Assets unless directed to do so by the Trustee or by an Extraordinary Resolution of the Noteholders. If such direction is given, the Issuer will act only in accordance with such directions.

**20 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including for the exercise of any voting rights in respect of the Series Secured Assets, for the validity, sufficiency and enforceability (which the Trustee has not investigated) of the Series Security. The Trustee is not obliged to take any action under the Trust Deed unless indemnified and/or secured to its satisfaction. The Trustee and any affiliate is entitled to enter into business transactions with the Issuer, and/or any issuer or guarantor (where applicable) of any of the Series Secured Assets, without accounting to the Noteholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Series Secured Assets, from any obligation to insure or to procure the insuring of the Series Secured Assets and from any claim arising from the fact that the Series Secured Assets will be held in safe custody by the Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for supervising the performance by any other person of its obligations to the Issuer and, in particular, shall not have any responsibility for the administration, management or operation of the Series Secured Assets.

The Trust Deed provides that in acting as Trustee under the Trust Deed, the Trustee shall not assume any duty or responsibility to the Custodian or the Principal Paying Agent (other than to pay to any such persons any monies received and repayable to it and to act in accordance with the provisions of the Supplemental Trust Deed) and shall have regard solely to the interests of the Noteholders.

## **21 Further Issues**

### **(a) *Non-Fungible Further Indebtedness***

The Issuer shall be at liberty from time to time (without the consent of the Noteholders or the Couponholders, but provided that the Trustee is satisfied that the restrictions contained in this Condition will be complied with) to issue further bonds and notes and to borrow under, buy, sell or enter into other obligations in the form of loans, options, swaps or other derivative transactions. Such further bonds, notes or other obligations must be issued under the Programme and secured on assets of the Issuer other than the Series Secured Assets or the Issuer's share capital and on terms that provide for the extinction of all claims in respect of such bonds, notes or other obligations after application of the proceeds of enforcement of the security over the assets on which such bonds, notes or other obligations are secured (or arrangements have been entered into that, to the satisfaction of the Trustee, have a like result).

### **(b) *Fungible Further Indebtedness***

The Issuer may from time to time (without the consent of the Noteholders or the Couponholders, but provided that the Trustee is satisfied that the restrictions contained in this Condition will be complied with) issue further bonds and notes that have, when issued, the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Date, the Issue Price and/or the Interest Commencement Date) and that are consolidated and form a single series with the Notes; provided that (unless otherwise approved by an Extraordinary Resolution of the Noteholders), (i) the Issuer provides additional security for such new bonds or notes that comprises assets that are fungible with, and have the same proportionate composition as, the Series Collateral in respect of the relevant existing Notes and that has an aggregate principal amount at least equal to the principal amount of such existing Series Collateral multiplied by a fraction, the numerator of which is the aggregate principal amount of such new bonds or notes and the denominator of which is the aggregate principal amount of the existing Notes; (ii) the Issuer enters into an additional or supplemental swap agreement varying the terms of the Swap Agreement (if any) to take account of the new bonds or notes on terms no less favourable than those of the Swap Agreement (if any). Upon issue of such new bonds or notes, the Notes and such new bonds or notes shall form a single series and be secured on the Series Collateral and such additional assets. Such further bonds or notes shall be constituted and secured by a further supplemental trust deed.

## **22 Taxation**

### **(a) *Tax Gross-Up***

If Condition 22(a) is specified as applicable in the applicable Final Terms, all payments of principal and/or interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or other charges of whatever nature imposed or levied by or on behalf of Ireland or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:



- (i) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes, duties, assessments or other charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Ireland other than the mere holding of such Note, Receipt or Coupon; or
- (ii) presented for payment in Ireland or through an intermediary in Ireland; or
- (iii) presented for payment by, or on behalf of, a Noteholder who would be able to avoid such withholding or deduction by making a declaration of non-residence or similar claim for exemption but fails to do so; or
- (iv) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 18.

**(b) No Tax Gross-Up**

If Condition 22(b) is specified as applicable in the applicable Final Terms, the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

**23 Governing Law**

The Notes, Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Ireland. The Issuer has in the Trust Deed submitted to the jurisdiction of the Irish courts for all purposes in connection with the Notes, the Coupons and the Talons.

## FORM OF FINAL TERMS<sup>1</sup>

Final Terms dated [●]

Arcade Finance p.l.c.

(incorporated with limited liability in Ireland with registered number 435310)

[Title of relevant Tranche of Notes (specifying type and nominal amount of Notes) (the “Notes”)]  
issued pursuant to the  
€40,000,000,000 Programme for the issue of Notes  
arranged by

KBC Bank NV

### PART A CONTRACTUAL TERMS, LISTING AND RATING

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [ • ] 2013 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of a combination of these Final Terms and the Base Prospectus [and the supplemental Base Prospectus dated [●]]. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing at the registered office of the Issuer and copies may be obtained from the registered office of the Issuer.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended, (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [current date] and [original date] [and the supplemental Base Prospectus dated [●]]. [The Base Prospectus [and the supplemental Base Prospectus] are available for viewing at the registered office of the Issuer and copies may be obtained from the registered office of the Issuer.] The Base Prospectus has also been published on the Irish Stock Exchange’s website ([www.ise.ie](http://www.ise.ie)).

*Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. Prospective purchasers should conduct their own investigations and, in deciding whether or not to purchase Notes, prospective purchasers should form their own views of the*

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<sup>1</sup> Where the Notes are (i) not the subject of a public offer which requires the publication of a prospectus under the Prospectus Directive and (ii) not listed on the Official List of the Irish Stock Exchange and are not admitted to trading on the regulated market of the Irish Stock Exchange or on any other regulated market in the EEA, all references to the Prospective Directive and final terms for the purposes of the Prospectus Directive, shall be deleted.

merits of an investment related to the [currencies, shares, etc.] based upon such investigations and not in reliance upon any information given in this document.

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

*[When completing any final terms, consideration should be given as to whether “significant new factors” exist which consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

1.
  - (i) Series Number: [ ]
  - (ii) [Tranche Number: [ ]
  - (iii) Date on which Notes become fungible [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 [which is expected to occur on or about [insert date]].]
2. Status of Notes: [Senior/Subordinated/Class A Mezzanine/Class B Mezzanine/Class C Mezzanine/Class D Mezzanine/Class E Mezzanine/Class F Mezzanine/Class G Mezzanine/Class H Mezzanine Notes]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - (i) [Series:] [ ]
  - (ii) [Tranche: [ ]]
5. [Issue Price:] [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. Specified Denominations [ ]
7.
  - (i) Issue Date: [ ]
  - (ii) [Interest Commencement Date (if different from the Issue Date): [ ]]
8. Maturity Date: *[[Fixed Rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year] [the “Scheduled Maturity Date”]]*
9. Interest Basis [[ ] per cent. Fixed Rate]

- [Euribor/Libor] ± [ ] per cent. Floating Rate]
- [Zero Coupon]
- (further particulars specified below)*
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest Basis: [Applicable/Non-Applicable]
- [Specify date when any fixed to floating rate change occurs or refer to paragraphs 14 or 15 below and identify there]*
12. Put/Call Options: [Investor Put]
- [Change of Control Put/Put Event] *(The placeholder here should reflect the name ascribed to any “event risk” put in the Conditions).*
- [Issuer Call]
- [further particulars specified below)]*
13. Tax Gross-Up: applicable] [Condition 22(a) applicable]/[Condition 22(b)]
- (N.B. Only one of Condition 22(a) and 22(b) should be specified as applicable. If Condition 22(a) is specified as applicable, Condition 7(b) will be applicable. If Condition 22(b) is specified as applicable, Condition 7(b) will not be applicable)*

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate[s] of Interest: [ ] per cent. per annum
- [payable in arrear] on each Interest Payment Date.
- (ii) Interest Payment Date(s): [ ] in each year
- (NB: This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount[s]: [ ] per [ ] in nominal amount
- (iv) Broken Amount[s]: *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*

(v)	Day Count Fraction (subject as may be provided in paragraph 30):	<p>[1/1, Actual/Actual, Actual/Actual (ISDA), Act/Act, Act/Act (ISDA)]</p> <p>[Actual/Actual (ICMA), Act/Act (ICMA)]</p> <p>[Actual/365 (Fixed), Act/365 (Fixed), A/365 (Fixed), A/365F]</p> <p>[Actual/360, Act/360, A/360]</p> <p>[30/360, 360/360, Bond Basis]</p> <p>[30E/360, Eurobond Basis]</p> <p>[30E/360 (ISDA)]</p>
(vi)	Calculation Agent responsible for calculating the Fixed Coupon or Broken Amount:	[            ]
(vii)	Determination Date(s):	<p>[   ] in each year</p> <p><i>[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]</i></p> <p><i>(NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)</i></p> <p><i>(NB: Only relevant where Fixed Day Count Fraction is Actual/Actual (ICMA))</i></p>
15.	Floating Rate Note Provisions	[Applicable/Not Applicable]
(i)	Specified Period(s)/	[   ] in each year, subject to adjustment in accordance with the Business Day Convention set out in (ii) below
	Specified Interest Payment Dates:	
(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(iii)	Additional Business Centre(s):	[            ]
(iv)	Manner in which the Rate(s) of Interest and Interest Amount(s) is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(v)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):	[            ]

- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
(Either LIBOR or EURIBOR)
  - Interest Determination Date(s): [ ]  
  
(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
  - Relevant Screen Page: [ ]  
  
(in the case of EURIBOR, if not Telerate Page 248, ensure it is a page which shows a composite rate)
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
  - ISDA Definitions [2000/2006]
- (viii) Margin(s): [+/-] [ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [1/1, Actual/ Actual, Actual/ Actual (ISDA), Act/ Act, Act/ Act (ISDA)]  
[Actual/ Actual (ICMA), Act/ Act (ICMA)]  
[Actual/365 (Fixed), Act/365 (Fixed), A/365 (Fixed), A/365F]  
[Actual/360, Act/360, A/360]  
[30/360 or 360/360 or Bond Basis]  
[30E/360, Eurobond Basis]  
[30E/360 (ISDA)]
16. Zero Coupon Note Provisions [Applicable/Not Applicable]  
  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]

- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(e)(iii) and 7(k) apply]  
(Consider applicable day count fraction if not U.S. dollar denominated)

## PROVISIONS RELATING TO REDEMPTION

17. Issuer Call [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount of each Note: [ ] per Note of [ ] Specified Denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Conditions): [ ]
18. Investor Put [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount of each Note: [ ] per Note of [ ] Specified Denomination
- (iii) Notice period (if other than as set out in the Conditions): [ ]
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent]*
19. Final Redemption Amount of each Note: [[ ] per Note of [ ] Specified Denomination]
20. Early Redemption Amount:

Note payable on redemption for taxation reasons or on event of default or on an illegality (required if Early Redemption Amount different from that set out in Condition 7(e)):

[ ]

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

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes: [Bearer/Registered]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes in accordance with the provisions set out under "Summary of Provisions Relating to Notes While in Global Form" in the Base Prospectus.]
- [Temporary Global Note exchangeable for definitive Notes upon specified number of days notice]
21. Additional Financial Centre(s) [Not Applicable/*give details*] *(Note that this item relates to the place of payment and not relating to Payment Days: Interest Period end dates to which items 16 (iii), 18 (vi), 19 (vi), 20 (vi) and 21 (vi) relate)*
22. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes]
23. Security (order of priorities): The Trustee shall apply all moneys received by it under the Trust Deed and the Series Pledge Agreement in connection with the realisation or enforcement of the Series Security constituted by the Trust Deed and the Series Pledge Agreement in the following order of priorities:
- [Counterparty Priority/Pari Passu Ranking/Noteholder Priority]
24. Swap Agreement: [Under an ISDA Master Agreement dated [•] and a confirmation thereto with an effective date of the Issue Date made between the Issuer and the Swap Counterparty, the Issuer will pay to the Swap Counterparty [[an amount equal to the net subscription moneys for the Notes payable to the Issuer] and sums equal to [interest and principal



payable] in respect of the Series Collateral and the Swap Counterparty will pay to the Issuer [an amount equal to the net sum payable by the Issuer for the purchase of the Series Collateral and sums equal to the interest payable to the Noteholders under the Notes and the Redemption Amount]]. Except as stated in the Base Prospectus, the Swap Agreement will terminate on the Maturity Date.  
[The Swap Agreement is governed by English law.]

## **[LISTING AND ADMISSION TO TRADING APPLICATION]**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €40,000,000,000 Programme for the issue of Notes of Arcade Finance p.l.c.]

## **RATINGS**

[The Notes to be issued have not been rated.]/[The Notes to be issued have been rated]:

[S & P: [ • ]]

[Moody's: [ • ]]

[[Other]: [ • ]]

[The Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [insert credit rating agency name(s)].]

[[Insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[Insert credit rating agency] is established in the European Union and is registered under Regulation (EC) No. 1060/2009.]

[[Insert credit rating agency] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009.]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [insert the name of the relevant EU CRA affiliate that applied for registration], which is established in the European Union, disclosed the intention to endorse credit ratings of [insert credit rating agency].] [[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [insert the name of the relevant EU-registered credit rating agency] in accordance with Regulation (EC) No. 1060/2009. [Insert the name of the relevant EU-registered credit rating agency] is established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but is certified in accordance with such Regulation.]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [insert the name of the relevant EU-registered credit rating agency] in accordance with Regulation (EC) No. 1060/2009. [Insert the name of the relevant EU-registered credit rating agency] is established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[ ] (the “**Reference Information**”) has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading]. None of the Trustee, Agents, Portfolio Manager, Arranger or Dealers accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

**Arcade Finance p.l.c.**

By: \_\_\_\_\_

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING:

- (i) Listing: [Irish Stock Exchange /other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [ ] with effect from [ ].] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS: [The Notes to be issued have/have not been rated.]

### 3. NOTIFICATION:

*The Central Bank of Ireland [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive and Commission Regulation (EC) No 809/2004.]*

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:

[Save for any fees payable to the [Dealers/Managers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – Amend as appropriate if there are other interests]

### 5. YIELD: Fixed Rate Notes only)

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 6. OPERATIONAL INFORMATION

ISIN Code: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [ ]

Intended to be held in a manner which [Yes] [No]

would allow Eurosystem eligibility:	[Note that the designation “yes” does not necessarily mean that the Notes will be recognised as eligible collateral
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## 7. DISTRIBUTION

(i) Method of distribution:	[Syndicated/Non-syndicated]
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(ii) If syndicated:

(A) Names and addresses of Managers and underwriting commitments:	[Not Applicable/ give names, addresses and underwriting commitments]
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*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)*

(B) Date of [Subscription] Agreement	[ ]
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(C) Stabilising Manager(s)(if any)	[Not Applicable/ give name]
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(iii) If non-syndicated, name and address of Dealer:	[Not Applicable/ give name and address]
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(iv) Indication of the overall amount of the underwriting commission and of the placing commission:	[ ] per cent of the Aggregate Nominal Amount.
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(v) U.S. Selling Restrictions (Categories of potential investors to which the Notes are offered	Reg. S Compliance Category [Reg. S Compliance Category [1/2/3] TEFRA C/TEFRA D/TEFRA not applicable]
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(vi) Non-exempt Offer	[Not Applicable] [An offer of the notes may be made by the Managers [ and [specify, if applicable names of other financial intermediaries/placers making non-exempt offers to the extent known (ties into individual consent granted in Base Prospectus) OR include a generic description of other parties involved in non-exempt offers (e.g. “other parties authorised by [the managers]”)] other than pursuant to Article 3(2) of the Prospectus Directive.
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## 8. SERIES COLLATERAL

(i) Legal jurisdiction by which the pool of assets is governed:	[ ]
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(ii) Global statistical data referred to the Series Collateral:	[ ]
(iii) Legal nature of assets:	[ ]
(iv) Expiry/ maturity date(s) of assets:	[ ]
(v) Amount of assets:	[ ]
(vi) Loan to value ratio or level of collateralisation:	[ ]
(vii) Indication of significant representations and collaterals given to the issuer relating to the assets:	[ ]
(viii) If a relationship exists that is material to the issue, between the Issuer and obligor, details of the principal terms of that relationship:	[ ]
(ix) Where the assets comprise equity securities that are admitted to trading on a regulated or equivalent market:	
(A) description of securities:	[ ]
(B) description of the market on which they are traded including the date of establishment, how price information is published, an indication of daily trading volumes, information as to the standing to the market in the country and the name of the market's regulatory authority;	[ ]
(C) frequency with which prices of the relevant securities are published;	[ ]
(x) Name, address and significant business activities of the originators of the securitised assets;	[ ]

## TAXATION

*The following is a general discussion of certain aspects of the anticipated Irish, Belgian and Luxembourg tax treatment of the Issuer and/or the holders of Notes. The discussion is based on laws, regulations, rulings and decisions (and interpretations thereof) currently in effect, all of which are subject to change. Any such change may have retroactive effect. The discussion is intended for general information only, and does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase Notes.*

*Prospective investors should consult their own professional advisers concerning the possible tax consequences of buying, holding or selling any Notes under the applicable laws of their country of citizenship, residence or domicile.*

### IRELAND

#### 1. Taxation of the Issuer – Corporation Tax

In general, Irish companies must pay corporation tax on their income at the rate of 12.5 per cent. in relation to trading income and at the rate of 25 per cent. in relation to income that is not income from a trade. However, section 110 of the Taxes Consolidation Act of 1997 of Ireland, as amended (“**TCA 1997**”) provides for special treatment in relation to qualifying companies. A qualifying company means a company:

- (a) which is resident in Ireland;
- (b) which either acquires qualifying assets from a person, holds, manages or both holds and manages, qualifying assets as a result of an arrangement with another person, or has entered into a legally enforceable arrangement with another person which itself constitutes a qualifying asset;
- (c) which carries on in Ireland a business of holding qualifying assets or managing qualifying assets or both, including in the case of plant and machinery acquired by the qualifying company, a business of leasing that plant and machinery;
- (d) which, apart from activities ancillary to that business, carries on no other activities;
- (e) which has notified an authorised officer of the Revenue Commissioners of Ireland (the “**Revenue Commissioners**”) in the prescribed format that it intends to be such a qualifying company; and
- (f) the market value of all qualifying assets held, managed, or both held and managed, by the company or the market value of qualifying assets in respect of which the company has entered into legally enforceable arrangements is not less than EUR 10,000,000 on the day on which the qualifying assets are first acquired, first held, or a legally enforceable arrangement in respect of the qualifying assets is entered into (which is itself a qualifying asset),

but a company shall not be a qualifying company if any transaction is carried out by it otherwise than by way of a bargain made at arms length apart from in relation to certain interest payments.

For this purpose, qualifying assets include assets which consist of, or of an interest (including a partnership interest) in financial assets, commodities or plant and machinery.

If a company is a qualifying company for the purpose of section 110 TCA 1997 (and it is expected that the Issuer will be such a company), then profits arising from its activities shall be chargeable to corporation tax under Case III of Schedule D (which is applicable to non-

trading income) at a rate of 25 per cent. However, for that purpose those profits shall be computed in accordance with the provisions applicable to Case I of the Schedule (which is applicable to trading income).

In connection with the Notes issued before 21 January 2011 or issued pursuant to a binding written agreement made before 21 January 2011, on the basis that the Issuer is and will remain a qualifying company and on the basis that the interest on the Notes:

- (a) does not represent more than a reasonable commercial return on the principal outstanding and it is not dependent on the results of the Issuer's business; or
- (b) is not paid to certain companies within the charge of Irish corporation tax as part of a scheme of tax avoidance, then

the interest in respect of the issued Notes will be deductible in determining the taxable profits of the Issuer.

In connection with Notes issued after 21 January 2011 (other than in respect of Notes issued pursuant to a binding written agreement made before 21 January 2011) the interest on the Notes will not be deductible where:

- (a) the interest represents more than a reasonable commercial return on the principal outstanding or is dependent on the results of the Issuer's business; and
- (b)
  - (i) at the time the interest is paid on the Notes, the Issuer is in possession, or aware, of information that can reasonably be taken to indicate that the payment is part of a scheme or arrangement the main benefit or one of the main benefits of which is the obtaining of a tax relief or the reduction of a tax liability the benefit of which would be expected to accrue to a person who, in relation to the Issuer is a Specified Person; or
  - (ii) the interest is paid to a person that:
    - (I) is not resident in Ireland; and
    - (II) is not a pension fund, government body or other person resident in a Relevant Territory who, under the laws of that Relevant Territory, is exempted from tax which generally applies to profits, income or gains in that territory (except where the person is a Specified Person); and
  - (iii) that income is not subject, without any reduction computed by reference to the amount of such interest, to a tax under the laws of a Relevant Territory, which generally applies to profits, income or gains received in the Relevant Territory by persons from outside the Relevant Territory.

The provisions at (b)(ii) above, will not apply in respect of an interest payment in respect of a quoted Eurobond within the meaning of section 64 of the Taxes Act ("**Quoted Eurobond**") or a wholesale debt instrument within the meaning of section 246A of the TCA 1997 ("**Wholesale Debt Instrument**"), except where the interest is paid to a Specified Person and at the time the Quoted Eurobond or Wholesale Debt Instrument was issued, the Issuer was in possession, or aware, of information, including information about any arrangement or understanding in relation to ownership of the Quoted Eurobond or the Wholesale Debt Instrument after that time, which could reasonably be taken to indicate that interest which would be payable in respect of that Quoted Eurobond or Wholesale Debt Instrument would not be subject, without any reduction computed by reference to the amount of such interest,

to a tax in a Relevant Territory which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory.

Where a payment is made out of the assets of the Issuer under a Return Agreement and that payment is dependent on the results of the Issuer's business or any part of its business and that payment would not be deducted in computing the profits or gains of the Issuer if the payment was to be treated for the purposes of the TCA 1997 (other than section 246 thereof) as a payment of interest in respect of securities of the Issuer (other than a Quoted Eurobond or a Wholesale Debt Instrument that was dependent on the results of the Issuer's business), that payment will be treated as a payment of interest for the purposes of the provisions set out at (a) and (b) above.

For the purposes of this Irish Taxation section, terms have the meanings as set out below:

A "**Specified Person**" means (i) a company which directly or indirectly controls the Issuer or (ii) a person or connected persons from whom assets were acquired or to whom the Issuer has made loans or advances or with whom the Issuer has entered into Specified Agreements, where the aggregate value of such assets, loans, advances or agreements represents not less than 75% of the aggregate value of the qualifying assets of the Issuer.

A "**Specified Agreement**" includes any agreement, arrangement or understanding that (a) provides for the exchange, on a fixed or contingent basis, of one or more payments based on the value, rate or amount of one or more interest or other rates, currencies, commodities, securities, instruments of indebtedness, indices, quantitative measures, or other financial or economic interests or property of any kind, or any interest therein or based on the value thereof, and (b) transfers to a person who is a party to the agreement, arrangement or understanding or to a person connected with that person, in whole or in part, the financial risk associated with a future change in any such value, rate or amount without also conveying a current or future direct or indirect ownership interest in an asset (including any enterprise or investment pool) or liability that incorporates the financial risk so transferred.

A "**Relevant Territory**" is:

- (a) a Member State of the European Communities other than Ireland;
- (b) not being such a Member State, a territory with which Ireland has a signed a double taxation agreement that is in effect; and
- (c) a territory with the government of which arrangements have been made which on completion of the procedures set out in section 826(1) of the TCA 1997 will have the force of law.

A "**Return Agreement**" is a Specified Agreement whereby payments due under the Specified Agreement are dependent on the results of the Issuer's business or any part of the Issuer's business.

### ***Stamp Duty***

If the Issuer is a qualifying company within the meaning of section 110 TCA 1997 (and it is expected that the Issuer will be such a qualifying company) no Irish stamp duty will be payable on either the issue or transfer of the Notes, provided that the money raised by the issue of the Notes is used in the course of the Issuer's business.



### *Taxation of holders of Notes - Income Tax*

In general, persons who are resident in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners to issue or raise an assessment.

Interest paid and discounts realised on the Notes have an Irish source and therefore interest earned and discounts realised on such Notes will be regarded as Irish source income for the purposes of Irish tax. Accordingly, pursuant to general Irish tax rules, a non-Irish resident person in receipt of such income would be technically liable to Irish income tax (and the universal social charge if received by an individual) subject to the provisions of any applicable double tax treaty. Ireland has signed double tax treaties with 69 countries (see *Withholding Taxes* below) and the majority of them exempt interest (which sometimes includes discounts) from Irish tax when received by a resident of the other jurisdiction. Credit is available for any Irish tax withheld from income on account of the related income tax liability. Non-Irish resident companies, where the income is not attributable to a branch or agency of the company in Ireland, are subject to income tax at the standard rate. Therefore any withholding tax suffered should be equal to and in satisfaction of the full income tax liability. (Non-Irish resident companies operating in Ireland through a branch or agency of the company in Ireland to which the income is attributable would be subject to Irish corporation tax).

There is an exemption from Irish income tax under section 198 TCA 1997 in certain circumstances.

These circumstances include:

- (a) where interest is paid by a qualifying company within the meaning of section 110 TCA 1997 to a person that is not resident in Ireland and that person is resident in a Relevant Territory;
- (b) where interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company that is resident in a Relevant Territory and, either (i) such Relevant Territory imposes a tax that applies generally to interest receivable from sources outside that Relevant Territory or (ii) the interest paid would be exempted from the charge to Irish income tax under a double taxation treaty that is in effect, or if not yet in effect, that has been signed between Ireland and the territory in which the company is resident for tax purposes;
- (c) where the interest is exempt from withholding tax because it is payable on a Quoted Eurobond (see *Withholding Taxes* below) and is paid by a company to:
  - (i) a person who is resident in a Relevant Territory (residence to be determined under the laws of that Relevant Territory) and who is not resident in Ireland;
  - (ii) a company under the control, whether directly or indirectly, of a person or persons, who, by virtue of the law of a Relevant Territory, is or are resident for the purposes of tax in the Relevant Territory and who is, or who are, as the case may be, not under the control, whether directly or indirectly, of a person who is, or persons who are, not so resident; or
  - (iii) a company the principal class of shares of which, or (I) where the company is a 75% subsidiary of another company, of that other company or (II) where the company is wholly-owned by 2 or more companies, of each of those

companies, is substantially and regularly traded on a stock exchange in Ireland, on a recognised stock exchange in a Relevant Territory or on such other stock exchange as is approved by the Minister for Finance of Ireland.

- (d) where discount arises on securities that are issued by a company in the ordinary course of its trade or business and the recipient is a person resident in a Relevant Territory.

Interest and discounts realised on the Notes which do not fall within the above exemptions are within the charge to Irish income tax to the extent that a double tax treaty does not exempt the interest or discount, as the case may be. However it is understood that the Revenue Commissioners have, in the past, operated a practice (as a consequence of the absence of a collection mechanism rather than adopted policy) whereby no action will be taken to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland except where such persons:

- (a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
- (b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Revenue Commissioners will apply this practice in the case of the holders of Notes and, as mentioned above, there is a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners to issue or raise an assessment.

### ***Withholding Taxes***

In general, withholding tax at the rate of 20 per cent. must be deducted from payments of yearly interest that are within the charge to Irish tax, which would include those made by an Irish company. However, section 64 TCA 1997 provides for the payment of interest in respect of Quoted Eurobonds without deduction of tax in certain circumstances. A Quoted Eurobond is a security which:

- (a) is issued by a company;
- (b) is quoted on a recognised stock exchange (the Irish Stock Exchange is a recognised stock exchange for this purpose); and
- (c) carries a right to interest.

There is no obligation to withhold tax on Quoted Eurobonds where:

- (a) the person by or through whom the payment is made is not in Ireland; or
- (b) the payment is made by or through a person in Ireland, and:
  - (i) the Quoted Eurobond is held in a recognised clearing system (the Revenue Commissioners have designated Euroclear and Clearstream, Luxembourg as recognised clearing systems); or

- (ii) the person who is the beneficial owner of the Quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate declaration to this effect.

Notes which are listed on the Official List of the Irish Stock Exchange and cleared through Euroclear and/or Clearstream, Luxembourg will qualify as Quoted Eurobonds and the payment of interest in respect of such Notes should be capable of being made without withholding tax, regardless of where the Noteholder is resident.

Separately, section 246 TCA 1997 ("**Section 246**") provides certain exemptions from this general obligation to withhold tax. Section 246 provides an exemption in respect of interest payments made by a qualifying company within the meaning of section 110 TCA 1997 to a person resident in a Relevant Territory except where that person is a company and the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency. Also Section 246 provides an exemption in respect of interest payments made by a company in the ordinary course of business carried on by it to a company resident in a Relevant Territory and either (i) such Relevant Territory imposes a tax which generally applies to interest receivable from sources outside that Relevant Territory or (ii) the interest paid would be exempted from the charge to Irish income tax under a double taxation treaty that is in effect, or, if not yet in effect, that has been signed between Ireland and the territory in which the company is resident for tax purposes except where the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency. As of the Closing Date, Ireland has signed a double tax treaty with each of Albania, Armenia, Australia, Austria, Bahrain, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Canada, China, Chile, Croatia, Cyprus, Czech Republic, Denmark, Egypt (signed but not yet in effect), Estonia, Finland, France, Georgia, Germany, Greece, Hong Kong, Hungary, Iceland, Israel, India, Italy, Japan, Korea (Rep. of), Kuwait (signed but not yet in effect), Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Montenegro, Morocco, the Netherlands, New Zealand, Norway, Pakistan, Panama, Poland, Portugal, Qatar (signed but not yet in effect), Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, Ukraine (signed but not yet in effect), United Arab Emirates, United Kingdom, United States of America, Uzbekistan (signed but not yet in effect), Vietnam and Zambia. Negotiations for a new agreement with Thailand has been concluded and is expected to be signed shortly. Negotiations for new agreements with Azerbaijan, Jordan and Tunisia are at various stages.

Discounts realised on the Notes will not be subject to Irish withholding tax.

#### ***Encashment Tax***

Interest on any Note which qualifies for exemption from withholding tax on interest as a quoted Eurobond (see above) realised or collected by an agent in Ireland on behalf of a Noteholder will generally be subject to a withholding at the standard rate of Irish income tax (currently 20 per cent.). This is unless the beneficial owner of the Note that is entitled to the interest is not resident in Ireland and makes a declaration in the required form. This is provided that such interest is not deemed, under the provisions of Irish tax legislation, to be the income of another person that is resident in Ireland.

#### ***Capital Gains Tax***

A holder of a Note will not be subject to Irish taxes on capital gains provided that such holder is neither resident nor ordinarily resident in Ireland and such holder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent establishment to which or to whom the Notes are attributable.

### *Capital Acquisitions Tax*

If the Notes are comprised in a gift or inheritance taken from an Irish resident or ordinarily resident disponent or if the disponent's successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situate in Ireland, the disponent's successor (primarily), or the disponent, may be liable to Irish capital acquisitions tax. Notes in registered form would be regarded as property situate in Ireland if the principal register of the Notes is maintained in Ireland; bearer Notes would be regarded as property situate in Ireland if the Notes were ever to be physically kept or located in Ireland with a depository or otherwise.

For the purposes of capital acquisitions tax, under current legislation a non-Irish domiciled person will not be treated as resident or ordinarily resident in Ireland for the purposes of the applicable legislation except where that person has been resident in Ireland for the purposes of Irish tax for the 5 consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

### *Value Added Tax*

The provision of financial services is an exempt transaction for the purposes of Value Added Tax in Ireland ("**Irish VAT**") purposes. Accordingly, the Issuer should not be entitled to recover Irish VAT suffered. However, to the extent that income receivable by the Issuer is derived from non-EU sources, the Issuer should be entitled to recover a proportion of Irish VAT suffered. The Issuer should be required to account for Irish VAT on a "**self supply**" basis on certain services received from abroad which are deemed to have an Irish place of supply.

### *Implementation of the EU Directive on the Taxation of Savings Income*

EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**") (see below under *EU Directive on the Taxation of Savings Income*) has been enacted into Irish legislation. Where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a "**residual entity**" then that interest payment is a "**deemed interest payment**" of the "**residual entity**" for the purpose of this legislation. A "**residual entity**", in relation to "**deemed interest payments**", must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the "**deemed interest payments**".

"**Residual entity**" means a person or undertaking established in Ireland or in another Member State or in an "**associated territory**" to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 85/611/EEC, or it is such an entity or it is an equivalent entity established in an "**associated territory**", or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the EU Savings Directive.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an "**associated territory**" and procedures relating to the reporting of details of deemed

interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an “**associated territory**”, apply since 1 July, 2005. For the purposes of these paragraphs “**associated territory**” means Aruba, Netherlands Antilles, Jersey, Gibraltar, Guernsey, Isle of Man, Anguilla, British Virgin Islands, Cayman Islands, Andorra, Liechtenstein, Monaco, San Marino, the Swiss Confederation, Montserrat and Turks and Caicos Islands.

## **LUXEMBOURG**

### **Withholding Tax**

#### *Luxembourg Resident Individuals*

Interest payments made by a Luxembourg paying agent to an individual residing in Luxembourg will be subject to a 10% withholding tax on the amount of the interest accrued or relating to the period of holding. This withholding tax represents a final taxation if the interest is income of private investments.

Interest payments subject to the withholding tax include income paid from bonds or debentures including premiums and prizes attached to the security as well as interest accrued or capitalised at the sale, refund or redemption of the debt claim.

#### *EU Resident Individuals (EU Savings Directive)*

Interest payments made by a Luxembourg resident paying agent to an individual residing in another EU member State, as well as in certain dependent and associated territories, will be subject to a withholding tax at the rate provided in the EU Savings Directive under Art 11 (1) which is currently 20%, except if the individual provides to his paying agent a tax exemption certificate which can be delivered by his tax authorities, or if the paying agent makes a communication of information to the tax authorities.

Interest payments subject to the withholding tax as defined under art 6 (1)(a) and (b) of the EU Savings Directive include income paid from bonds or debentures including premiums and prizes attached to the security as well as interest accrued or capitalised at the sale, refund or redemption of the debt claim.

#### *All other persons*

No withholding tax will be levied on payments made to other persons as those mentioned above. However, individuals having the nationality of an EU member state who claim to reside in a non EU member state, may be subject to a withholding tax under the rules of the EU Savings Directive, if the contractual relationship with the paying agent was entered into after 31 December 2003 and they do not provide the paying agent with a tax identification number or a tax residence certificate of their country of residence.

## **BELGIUM**

### **Income Tax and Withholding Tax on the interest of the Notes**

For Belgian income tax purposes, the Notes are to be qualified as “**fixed-income securities**” as defined in article 2, par. 1, 8° of the Income Tax Code (the “**ITC**”). Not only interest coupons but any sum paid by the Issuer in surplus of the Issue Price, whether or not prior to the stated maturity of the Notes, is interest for Belgian tax purposes.

Under present Belgian tax law, no Belgian withholding tax is due on the payment of principal or interest in respect of the Notes by the Issuer through a non-Belgian paying agent or intermediary. If,

however, the Noteholder, Receiptholder or Couponholder is a Belgian individual subject to Belgian personal income tax and acquires and holds the Notes, Receipts or Coupons as a private investment, the interest must be declared in his Belgian tax return and will generally be taxed at a rate currently fixed at 21 per cent. An additional tax of 4 percent will be levied on the interests and dividends of every separate Belgian individual subject to Belgian personal income tax that exceed the gross sum of EUR 13,675 per income year. This gross sum has to be converted in accordance with the customary Belgian consumer price indexes (e.g.: for the income year 2012, the indexed threshold is EUR 20,020). If the Noteholder is a Belgian individual subject to Belgian personal income tax and acquires the Notes for professional purposes, the interest must be declared by the beneficiary and will be taxed at the Belgian personal income tax rates. If the Noteholder is a Belgian company subject to Belgian corporate income tax, or a Belgian branch of a foreign company subject to Belgian income tax on non-residents, the interest will, in general, be taxed at the normal rates of Belgian corporate income tax (currently 33.99 per cent) or the Belgian income tax on non-residents (currently also 33.99 per cent). If a Noteholder, Receiptholder or Couponholder is a Belgian legal entity subject to the Belgian income tax on legal entities ("rechtspersonenbelasting"/"impôt des personnes morales") the payment of interest in respect of Notes, Receipts and Coupons is generally subject to Belgian withholding tax at a rate currently fixed at 21 per cent. which must be withheld by the receiving legal entity itself.

The payment of interest in respect of Notes, Receipts and Coupons by the Issuer through a Belgian paying agent is in principle subject to Belgian withholding tax (at a rate currently fixed at 21 per cent.), unless the Belgian paying agent is a credit institution, brokerage firm or clearing and settlement institution who pays the interest to a foreign professional intermediary within the meaning of article 261, par. 4 ITC.

Based on Belgian legislation, an exemption of withholding tax can be applied if *inter alia*:

the Notes are held (as owner or usufructuary) by Noteholders (individuals or legal entities) who do not have their fiscal residence in Belgium and who do not use the Notes for carrying on a business in Belgium, and provided the Belgian paying agent or intermediary is a credit institution, brokerage firm or clearing or settlement institution, the Notes, other than Zero Coupon Notes, are held by a Belgian company subject to Belgian corporate income tax, the Notes, other than Zero Coupon Notes, are held by non-residents who use the Notes for carrying on a business in Belgium through a permanent establishment.

In each case, the exemption of withholding tax is subject to the signing of a withholding tax certificate.

### **Income Tax on capital gains**

Noteholders who do not have their fiscal residence in Belgium and who do not have a Belgian fixed base or permanent establishment to which the Notes are attributable, will not be liable for any Belgian income tax on capital gains.

Noteholders who are private individuals holding the Notes as a private investment and who have their fiscal residence in Belgium, and Noteholders who are subject to the Belgian income tax on legal entities, will not be liable for any income tax on capital gains. If however a private individual's capital gains arise from transactions going beyond the daily course of management of private property, the private individual will be subject to income tax at a rate of 33% (plus local taxes).

Other Noteholders who have their fiscal residence in Belgium or who use the Notes for carrying on a business in Belgium through a fixed base or permanent establishment will be taxable on capital gains realised at the occasion of the transfer of the Notes.

## Stamp Duties

In general, Belgian tax on stock exchange transactions ("*taks op de beursverrichtingen*" / "*tax sur les opérations de bourse*") will be applicable on any secondary market transaction (stock exchange as well as OTC) with respect to any Notes, if such transaction is either concluded or carried out in the Kingdom of Belgium, and if such transaction was made with the intervention of a professional intermediary. A separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary. The applicable rate will be 0.09 per cent. Such tax will, however, be limited to a maximum amount of EUR 650 per taxable transaction and per party. The tax will not be payable by exempt persons acting for their own account as defined in article 126/1, 2° of the Code of various rights and taxes ("*Wetboek diverse rechten en taksen*" / "*Code des droits et taxes divers*"), including investors who are not Belgian residents (provided they confirm their non-resident status), and some professional intermediaries, insurance companies, collective investment institutions and pension funds.

## Gift, estate or inheritance tax

Except for the gift tax payable in the case of a gift by deed made in Belgium, no gift, estate or inheritance tax is due in Belgium in respect of Notes, unless a Noteholder is resident in Belgium at the time of his death.

## European Union Savings Directive

Under European Council Directive 2003/48/EC of June 3, 2003 on the taxation of savings income in the form of interest payments (the "**Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Until 31 December 2009, Belgium also operated a transitional withholding tax system as provided above. By two Royal Decrees dated 27 September 2009 and published in the Belgian Official Gazette (*Belgisch Staatsblad/Moniteur Belge*) on 1 October 2009, the Belgian State elected to abandon the transitional withholding system and provide information in accordance with the EU Savings Directive as from 1 January 2010.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the EU Savings Directive, which included the Commission's advice on the need for changes to the EU Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the EU Savings Directive, which included a number of suggested changes. The European Parliament expressed its opinion on the proposal on 24 April 2009 and the Council adopted unanimous conclusions on 9 June 2009 relating to the proposal. If any of those proposed changes are made in relation to the EU Savings Directive, they may amend or broaden the scope of the requirements described above.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### 1 Initial Issue of Notes

Each Series of Bearer Notes will initially be represented by a Temporary Global Note, unless the relevant Issue Terms specifies otherwise, in bearer form without Coupons, which will be deposited on behalf of the subscribers of the relevant Notes (a) in the case of a Series intended to be cleared through Euroclear and/or Clearstream, Luxembourg with a common depositary (the “**Common Depositary**”) for Euroclear and for Clearstream, Luxembourg on or about the issue date of the relevant Notes or (b) in the case of a Series intended to be cleared through a clearing system other than Euroclear or Clearstream, Luxembourg or delivered outside a clearing system as agreed between the Issuer, the Principal Paying Agent and the relevant Dealer(s). No interest will be payable in respect of a Temporary Global Note, except as provided below.

Upon the initial deposit of a Temporary Global Note with the Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear or Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will be obliged to credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

The Temporary Global Note contains provisions which apply to the Bearer Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus.

Each Series of Notes in registered form may be represented (i) by one or more Global Certificates in registered form without Coupons, deposited on the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee for Euroclear and Clearstream, Luxembourg or (ii) by Individual Certificates, as specified in the relevant Issue Terms.

### 2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (an “**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of such Global Certificate, as the case may be, and in relation to all other rights arising under the Global Note or Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged for payment to the bearer of such Global Note or the holder of such Global Certificate, as the case may be, in respect of each amount so paid.

So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in the relevant Issue Terms and integral multiples of the Tradeable Amount in excess thereof provided in the relevant Issue Terms.



### 3 Exchange

#### Temporary Global Notes and Permanent Global Notes

Each Temporary Global Note will be exchangeable in whole or in part for interests in a Permanent Global Note after the date falling 40 days after the issue date of the Notes upon certification as to non-U.S. beneficial ownership in the form scheduled to the Trust Deed. Each Permanent Global Note will be exchangeable at the cost and expense of the Issuer (i) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, or (ii) if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of applicable law which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two authorised officers of the Issuer is delivered to the Principal Paying Agent for display to Noteholders.

On or after the Exchange Date the holder of a Permanent Global Note may surrender such Permanent Global Note, or in the case of a partial exchange, present it for endorsement to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note, or the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Bearer Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note).

*In the event that the permanent Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denominations only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.*

#### Global Certificates

Each Global Certificate will be exchangeable on or after its Exchange Date in whole but not, except as provided under “*Partial Exchange of Permanent Global Notes and Global Certificates*”, in part for Individual Certificates:

- (i) by the Issuer giving notice to the Noteholders, the Registrar, the Principal Paying Agent and the Trustee of its intention to effect such exchange;
- (ii) if the relevant Issue Terms provides that such Global Certificate is exchangeable at the request of the holder, by the holder giving notice to the Registrar and the Principal Paying Agent of its election for such exchange; and
- (iii) otherwise, if the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In such circumstances, the relevant Global Certificate shall be exchanged for Individual Certificates and the Issuer will, free of charge against such indemnity as the Registrar, the Principal Paying Agent or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange, cause sufficient Individual Certificates to be executed and delivered to the Principal Paying Agent or the Registrar for completion, authentication and dispatch to the

relevant Noteholders. The relevant Noteholder must provide the Principal Paying Agent or the Registrar with (i) a written order containing instructions and such other information as the Issuer and the Principal Paying Agent or the Registrar may require to complete, execute and deliver such Individual Certificates.

**“Exchange Date”** means, in relation to a Temporary Global Note, a day falling after the expiry of 40 days after its issue date, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days and in relation to a Global Certificate, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent or, as the case may be, the Registrar is located and in the city in which the relevant clearing system is located.

### **Delivery of Definitive Bearer Notes and Individual Certificates**

On or after any due date for exchange (a) the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Principal Paying Agent and (b) the holder of any Global Certificate may, in the case of exchange in full, surrender such Global Certificate. In exchange for any Global Note or Global Certificate, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note or a Global Certificate exchangeable for Definitive Bearer Notes or Individual Certificates, as the case may be, procure the delivery of the relevant Definitive Bearer Notes or Individual Certificates. Definitive Bearer Notes will be security printed and Individual Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Bearer Notes and/or Individual Certificates.

### **Legend**

Each Permanent Global Note and any Bearer Note and Coupon will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.

The sections of the U.S. Internal Code referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain realised on any sale, exchange or redemption of Bearer Notes or any related Coupons.

## **4 Partial Exchange of Permanent Global Notes and Global Certificates**

For so long as a Permanent Global Note or Global Certificate is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note or Global Certificate is obliged to be exchangeable in part on one or more occasions (1) in the case of a Permanent Global Note, for Individual Certificates if the Permanent Global Note is exchangeable for Registered Notes and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Bearer Notes or Individual Certificates, as the case may

be, if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Issue Terms).

## **5 Presentation and surrender of Notes**

If the Notes represented by the Permanent Global Note are Bearer Notes exchangeable for Registered Notes or if the Notes represented by a Permanent Global Note or Global Certificate are Exchangeable Notes or Puttable Notes, the holder of the Permanent Global Note or Global Certificate will present the Permanent Global Note or Global Certificate to or to the order of the Principal Paying Agent in order to effect presentation and surrender of the Notes represented by the Permanent Global Note or Global Certificate for the purposes of the Conditions. The date on which and the principal amount of the Notes in respect of which the Permanent Global Note or Global Certificate was presented will be endorsed on the appropriate schedule to the Permanent Global Note or Global Certificate. On the Settlement Date, in the case of Exchangeable Notes, and on the Optional Redemption Date, in the case of Puttable Notes, the holder of the Permanent Global Note or Global Certificate is obliged to present it to or to the order of the Principal Paying Agent again and the reduction in the principal amount of the Notes outstanding will be endorsed by the Principal Paying Agent in the appropriate schedule.

## **6 Payments**

No payment falling due more than 40 days after the issue date will be made on any Temporary Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Bearer Notes or Individual Certificates is improperly withheld or refused. Payments on any Temporary Global Note during the period up to 40 days after its issue date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form scheduled to the Trust Deed. All payments in respect of Bearer Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bearer Notes, surrender of that Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Bearer Notes.

## **7 Notices**

So long as any Notes are represented by a Temporary or Permanent Global Note or a Global Certificate, as the case may be, and such Global Note or the Notes represented by the Global Certificate is held on behalf of a clearing system, notices to holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery to the relevant holder of the Global Note or the Notes represented by the Global Certificate, as the case may be, except that so long as the Notes are listed on the Official List of the Irish Stock Exchange Limited and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Ireland (which is expected to be *The Irish Times*). Any notice delivered to Euroclear and/or Clearstream, Luxembourg or other Clearing System (if any) as aforesaid shall be deemed to have been given on the day on which it is delivered to the Common Depositary.

## **8 Prescription Period**

Claims against the Issuer in respect of payments on the Bearer Notes while the Bearer Notes are represented by a Global Note will become void unless presented for payment within a period of 10 years (in the case of principal and premium) and five years (in the case of interest) from the appropriate Relevant Date.

## **9 Meetings**

The holder of a Global Note or of the Notes represented by a Global Certificate will be treated as being one for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as holding or representing such principal amount of Notes of the Series in respect of which the holder exercises votes (up to the maximum of the principal amount of the Series then represented thereby).

## **10 Purchase and Cancellation**

Cancellation of any Note required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the relevant Global Note or, in the case of Registered Notes, by an appropriate entry in the Register.

## **11 Issuer Option**

If any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system through which interests in the relevant Global Note or Global Certificate are held will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominee amount, at their discretion) or any Alternative Clearing System (as the case may be).

## **12 Noteholders' Option**

Any Noteholders' option may be exercised by the holder of any Global Note or Global Certificate giving notice to the Principal Paying Agent or the Registrar, as the case may be, of the principal amount of Notes in respect of which the option is exercised and presenting such Global Note or Global Certificate for endorsement of exercise or (in the case of a Global Certificate) cancellation and reissue within the time limits specified in the Conditions.

## **13 Tradable Amounts**

So long as the Notes are represented by a Temporary Global Note, Permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and integral multiples of the Tradeable Amount specified in the relevant Issue Terms.

## SUBSCRIPTION AND SALE

### Introduction

Subject to the terms and conditions contained in a dealer agreement dated 28 March 2007 as amended and restated from time to time and as most recently amended and restated on 17 December 2013 (the “**Dealer Agreement**”) made between the Issuer and KBC Bank NV (the “**Initial Dealer**” and together with any further financial institution appointed as dealer under the Dealer Agreement, the “**Dealers**”), the Notes may be sold by the Issuer to the Dealers, who shall act as principals in relation to such sales. The Dealer Agreement also provides for Notes to be issued in Series which are jointly and severally underwritten by two or more Dealers. In the event that an issue of Notes is sold only in part to Dealers, information to this effect shall be included in the relevant Issue Terms for such issue.

The Issuer will pay a Dealer a commission as agreed between the Issuer and a Dealer in respect of the Notes subscribed by it.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement may be terminated in relation to all the Dealers or any of them by the Issuer or, in relation to itself and itself only, by any Dealer, at any time on giving not less than 30 business days’ notice.

The names or names of the Dealer or Dealers (if any) of the Notes, the Issue Price of the Notes and, if listed, any commissions payable in respect thereof will be specified in the relevant Series Offering Document or Issue Terms, as applicable.

### General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries. None of the Issuer or any other Dealer shall have any responsibility therefor.

None of the Issuer or any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Issue Terms.

In particular (but without limiting the generality of the above), subject to any amendment or supplement which may be agreed with the Issuer in respect of the issue of any Tranche, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, to comply with the following provisions except to the extent that, as a result of any change in, or the official interpretation of, any applicable laws and/or regulations, non-compliance would not result in any breach of the applicable laws and/or regulations.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Each Dealer has

represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Issue Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act. The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each issuance of Index Linked Notes, Equity Linked Notes, Commodity Linked Notes, Currency Linked Notes, Credit Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Issue Terms.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State: (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer; (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural 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 (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive. For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the

Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and 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.

## **Ireland**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not underwrite, offer, place or do anything with respect to the Notes:

- (a) otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007, as amended (the “**MiFID Regulations**”) if operating in or otherwise involving Ireland and, if acting under and within the terms of an authorisation to do so for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments (MiFID) it has complied with any applicable requirements of the MiFID Regulations or as imposed, or deemed to have been imposed, by the Central Bank pursuant to the MiFID Regulations and, if acting within the terms of an authorisation granted to it for the purposes of Directive 2006/48/EC of the European Parliament and the Council of the 14 June 2006 relating to the taking up and the pursuit of the business of credit institutions as amended, replaced or consolidated from time to time, it has complied with any codes of conduct or practice made under Section 117(1) of the Central Bank Act 1989 of Ireland (as amended) and any applicable requirements of the MiFID Regulations or as imposed pursuant to the MiFID Regulations;
- (b) otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland (as amended) and any rules made by the Central Bank pursuant thereto, including any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland by the Central Bank;
- (c) otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) of Ireland and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland by the Central Bank and the Central Bank Acts 1942 to 2013 of Ireland; and
- (d) otherwise than in compliance with the provisions of the Companies Acts 1963 to 2012 of Ireland.

## **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that: (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer; (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and (c) it has complied and will comply with all applicable provisions of

the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.



## GENERAL INFORMATION

- (1) It is expected that each Tranche of Notes which is to be listed on the Official List and admitted to trading on the regulated market of the Irish Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes or a Global Certificate or Individual Certificate initially representing the Notes of such Tranche. The listing of the Programme is expected to be granted on or before 17 December 2013. The Programme provides that Notes may be listed on such further or other stock exchange(s) or admitted to trading on such further or other markets as the Issuer may decide. The Issuer may also issue unlisted Notes and Notes which are not admitted to trading on any market.
- (2) The Issuer has obtained all necessary consents, approvals and authorisations in Ireland in connection with the establishment of the Programme and the issue and performance of Notes under the Programme. The establishment and update of the Programme and the issue of Notes under the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 6 March 2007, 27 March 2008, 18 June 2009, 7 March 2011, 14 November 2012 and 11 December 2013.
- (3) There has been no material adverse change in the financial position or prospects of the Issuer since the date of its last published audited financial statements, being for its financial year ended 30 April 2013.
- (4) The Issuer is not nor has it been since the date of its incorporation, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have had in the recent past, significant effects on the Issuer's financial position or profitability.
- (5) Each Bearer Note, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (6) It is expected by the Issuer that all Bearer Notes and Registered Notes will be accepted for clearing through Euroclear and Clearstream, Luxembourg, or other clearing system specified in the relevant Issue Terms. The Common Code for each Series of Bearer Notes, together with the relevant ISIN number and the CUSIP number and/or CINS number for each Series of Registered Notes, will be contained in the Issue Terms or Series Offering Document, as applicable, relating thereto.
- (7) From the date hereof and for as long as the Programme remains in effect or any Notes issued thereunder remain outstanding, the following documents will be available for inspection in physical form, during usual business hours on any weekday (Saturdays and Sundays and public holidays excepted) for inspection at the registered office of the Issuer, and the Specified Office of the Principal Paying Agent:
  - (i) the Master Trust Deed;
  - (ii) each Supplemental Trust Deed;
  - (iii) each Series Pledge Agreement;
  - (iv) the Agency Agreement;
  - (v) the Dealer Agreement;
  - (vi) the Master Definitions and Common Terms Agreement;
  - (vii) the Portfolio Management Agreement;

- (viii) each Swap Agreement;
  - (ix) the constitutional documents of the Issuer (being its certificate of incorporation and memorandum and articles of association);
  - (x) each Issue Terms for Notes which are outstanding and are listed on the Official List of the Irish Stock Exchange Limited;
  - (xi) a copy of this Base Prospectus;
  - (xii) all reports, letters, other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's or KBC Bank's request, any part of which is included or referred to in the Base Prospectus; and
  - (xiii) the audited financial statements of the Issuer in respect of the years ended 30 April 2012 and 30 April 2013.
- (8) The Issuer does not intend to provide any post-issuance information in relation to the Notes or any Series Secured Assets.
- (9) The language of this Base Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Base Prospectus.
- (10) In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009, as amended, (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

As at the date of this Base Prospectus, Moody's, Fitch and S&P are established in the European Union and are registered under the CRA Regulation. As such, Moody's, Fitch and S&P are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

**Arranger and Dealer**

**KBC Bank NV**  
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B-1080 Brussels  
Belgium

**Registered Office of the Issuer**

**Arcade Finance p.l.c.**  
4<sup>th</sup> Floor  
Hanover Building  
Windmill Lane  
Dublin 2  
Ireland

**Trustee**

**The Bank of New York Mellon**  
One Canada Square  
London E14 5AL  
United Kingdom

**Portfolio Manager and Administration Agent**

**KBC Asset Management NV**  
Havenlaan 2  
B-1080 Brussels  
Belgium

**Custodian**

**KBC Bank NV**  
Havenlaan 2  
B-1080 Brussels  
Belgium

**Principal Paying Agent, Calculation Agent, Registrar and Transfer Agent**

**The Bank of New York Mellon**  
One Canada Square  
London E14 5AL  
United Kingdom

**Listing Agent**

**McCann FitzGerald Listing Services Limited**  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Legal Advisers**

*To the Issuer, the Arranger and the Dealers as to Irish law*

*To the Trustee as to Irish law*

**McCann FitzGerald**

Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Walkers**

The Anchorage  
17/19 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Auditors of the Issuer**  
**Deloitte & Touche**  
Deloitte & Touche House  
Earlsfort Terrace  
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Ireland