

## **IMPORTANT NOTICE**

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the information memorandum attached to this electronic submission (the **Information Memorandum**), and you are advised to read this disclaimer page carefully before reading, accessing or making any other use of the Information Memorandum. In accessing the attached Information Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information as a result of such access. You acknowledge that you will not forward this electronic submission or the attached Information Memorandum to any other person.

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. NEITHER THE SECURITIES NOR THE GUARANTEE (EACH AS DEFINED IN THE INFORMATION MEMORANDUM) HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE SECURITIES DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED, AND TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE COMMODITY FUTURES TRADING COMMISSION PURSUANT TO THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED.**

**THE FOLLOWING INFORMATION MEMORANDUM AND ITS CONTENTS ARE CONFIDENTIAL AND MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS PROHIBITED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.**

**Confirmation of your Representation:** You have been sent this Information Memorandum on the basis that you have confirmed to the relevant Dealers (as defined in the Information Memorandum), being the senders of the attached that: (i) you have understood and agree to the terms set out herein, (ii) you consent to the delivery of this Information Memorandum by electronic transmission, (iii) you are either (a) not a U.S. person (within the meaning of Regulation S under the Securities Act or within the meaning of the Interpretative Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, promulgated by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as such definition may be amended, modified or supplemented from time to time), and are not acting for the account or benefit of any U.S. person, and that the electronic mail address you have given to us is not located in the United States, its territories and possessions, or (b) a person that is a "Qualified Institutional Buyer" within the meaning of Rule 144A under the Securities Act, (iv) you will not transmit the attached Information Memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the relevant Dealers, and (v) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the securities.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer of securities for sale or solicitation of an offer to buy securities in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriter or any affiliate of the relevant Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the relevant Dealers or such affiliate on behalf of the Issuer (as defined in the Information Memorandum) in such jurisdiction.

This Information Memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently, none of the Issuer, the relevant Dealers nor any person who controls them or any of their directors, officers, employees or agents, or any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between this Information Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Arranger or the relevant Dealers.



**Abbey National Treasury Services plc**  
(incorporated under the laws of England and Wales)

Unconditionally and irrevocably guaranteed by

**Santander UK plc**

(incorporated under the laws of England and Wales)

**Global Structured Solutions Programme**

Abbey National Treasury Services plc (the "**Issuer**") may from time to time issue notes (the "**Notes**"), redeemable certificates (the "**Certificates**") and, together with Notes, the "**N&C Securities**") and warrants (the "**Warrants**") and together with the N&C Securities, the "**Securities**") denominated in any currency as agreed between the Issuer and the relevant Dealer (as defined below) under this Global Structured Solutions Programme (the "**Programme**").

This information memorandum (the "**Information Memorandum**") has not been approved as a prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). This Information Memorandum has been approved by the Irish Stock Exchange Limited (the "**Irish Stock Exchange**"). Application has been made to the Irish Stock Exchange for the Securities issued under the Programme to be admitted to the Irish Stock Exchange's Official List and trading on its Global Exchange Market for a period of 12 months from the date of this Information Memorandum. This Information Memorandum constitutes a "listing particulars" for the purposes of the admission of the Securities to the Irish Stock Exchange's Official List and to trading on the Global Exchange Market and, for such purposes, does not constitute a "prospectus" for the purposes of the Prospectus Directive. The Irish Stock Exchange's Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**").

Application has been made to the Luxembourg Stock Exchange as competent entity for the purposes of Part IV of the Luxembourg act dated 10 July 2005 on prospectuses, as amended, to approve this Information Memorandum as a prospectus in connection with the listing on the Official List of the Luxembourg Stock Exchange and admission to trading on the Euro MTF market of the Luxembourg Stock Exchange (the "**Euro MTF Market**") of the Securities to be issued under the Programme for a period of 12 months from the date of this Information Memorandum. The Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive.

The Programme provides that Securities may be unlisted or listed on such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor (as defined below) and the relevant Dealer and as specified in the Pricing Supplement. However, this Information Memorandum has not been approved as a base prospectus for the purposes of the Prospectus Directive and, accordingly, no offer to the public may be made and no admission to trading may be applied for on any market in the European Economic Area designated as a regulated market, in each case for the purposes of the Prospectus Directive.

The Issuer's obligations in respect of the Securities will be unconditionally and irrevocably guaranteed by Santander UK plc (the "**Guarantor**") pursuant to a Guarantee dated 5 April 2013 (the "**Guarantee**").

N&C Securities may be issued in bearer form ("**Bearer N&C Securities**") or immobilised bearer form ("**Immobilised Bearer N&C Securities**").

The Securities may be issued on a continuing basis to the Dealer specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time (the "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Information Memorandum to the "**relevant Dealer**" shall, in the case of an issue of Securities being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Securities.

Any terms and conditions not contained herein which are applicable to each Tranche (as defined in the Conditions) of Securities will be set out in the applicable Pricing Supplement which, with respect to Securities to be listed on the Euro MTF Market, will be delivered to the Luxembourg Stock Exchange on or before the date of issue of the Securities of such Tranche and published in accordance with the applicable rules and regulations of the Luxembourg Stock Exchange, as amended from time to time and with respect to Securities to be admitted to the Official List and to trading on the Global Exchange Market of the Irish Stock Exchange, will be delivered to the Irish Stock Exchange on or before the date of issue of the Securities of such Tranche.

Prospective purchasers of Securities should ensure that they understand the nature of the relevant Securities and the extent of their exposure to risks and that they consider the suitability of the relevant Securities as an investment in the light of their own circumstances and financial condition. Certain issues of Securities involve a high degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment. **Prospective investors should consider carefully the risks set forth herein under "Risk Factors" prior to making an investment decision with respect to the Securities. If prospective investors are in any doubt about the risks or suitability of a particular Security, they should seek professional advice.**

The Securities, the Guarantee and, in certain cases, the Asset Amount and Entitlement (as defined herein) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under any state securities laws, and the Securities may not be offered, sold, resold, traded, transferred, pledged, delivered, exercised or redeemed, directly or indirectly, at any time, within the United States of America, its territories, possessions and other areas subject to its jurisdiction (the "**United States**") or to, or for the account of, or benefit of, or by, any U.S. person (as defined in Regulation S under the Securities Act ("**Regulation S**") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. The Issuer may offer and sell interests in Immobilised Bearer N&C Securities of certain issues within the United States exclusively to "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") in compliance with Rule 144A ("**Rule 144A N&C Securities**") and/or in offshore transactions outside the United States to non-U.S. persons in reliance on Regulation S ("**Regulation S N&C Securities**"). Interests in Immobilised Bearer N&C Securities of certain issues that may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person ("**Permanently Restricted N&C Securities**") may only be offered and sold in offshore transactions outside the United States to non-U.S. persons in reliance on Regulation S and may not be legally or beneficially owned at any time by any U.S. person. By its purchase of an interest in a Permanently Restricted N&C Security, each purchaser will be deemed to have agreed that it may not resell or otherwise transfer any interest in a Permanently Restricted N&C Security held by it except outside the United States in an offshore transaction to a person that is not a U.S. person. The Securities are subject to certain United States tax law requirements.

In addition, the Warrants, or interests therein, may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or directly or indirectly offered, sold, resold, traded, pledged, redeemed, transferred or delivered to, or for the account or benefit of, any person who is (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustee have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other U.S. person as such term may be defined in Regulation S or in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, promulgated by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as such definition may be amended, modified or supplemented from time to time (each a "**U.S. person**" for purposes of the Warrants).

The Securities do not constitute and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Securities, Guarantee and any Entitlement has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended.

See "*Form of the Securities*" for a description of the manner in which Securities will be issued. See "*Subscription and Sale*".

**Dealers**

Santander Global Banking & Markets

Banco Santander, S.A.

Santander Investment Chile Limitada

### ***References to Santander entities***

In this document, references to "ANTS" and references to the "Issuer" are references to Abbey National Treasury Services plc; references to "Santander UK" and the "Guarantor" are references to Santander UK plc; references to the "ANTS Group" are references to ANTS and its subsidiaries; references to the "Santander UK Group" and the "Group" are references to Santander UK and its subsidiaries and references to "Santander Group" are references to Banco Santander, S.A. ("Banco Santander") and its subsidiaries.

### ***Further Information regarding the Information Memorandum***

This Information Memorandum does not constitute a "prospectus" for the purposes of the Prospectus Directive. Securities may only be issued under this Programme in circumstances where no prospectus is required to be published under the Prospectus Directive (see the "Subscription and Sale" section of this Information Memorandum).

This Information Memorandum supersedes the information memorandum dated 5 April 2013 previously issued by the Issuer and Guarantor in respect of the Global Structured Solutions Programme (the "GSSP"), and is valid for a period of 12 months from the date hereof.

Any Securities issued under the Programme by the completion of the Pricing Supplement on or after the date of this Information Memorandum are issued subject to the provisions hereof. This Information Memorandum does not affect any securities already in issue under the GSSP or any other programme of the Issuer, prior to the date of this Information Memorandum. "Pricing Supplement" means the terms set out in a Pricing Supplement document, substantially in the form set out in this Information Memorandum, which complete and amend (i) the "General Terms and Conditions of the N&C Securities" set out on page 101 herein or (ii) the "General Terms and Conditions of the Warrants" set out on page 140 herein, as the case may be, which, in each case, together with the applicable Annex(es) relating to Equity Index/ETF Linked Securities, Equity Linked Securities, Currency Linked Securities, Fund Linked Securities, Inflation Index Linked Securities, Commodity Linked N&C Securities, Credit Linked N&C Securities, Property Index Linked Securities or any other relevant type of Securities attached thereto, are referred to as the "Conditions". In respect of any Securities to be listed on the Luxembourg Stock Exchange's Official List and admitted to trading on the Euro MTF Market, the relevant Pricing Supplement will constitute the "Final Terms" for such Securities.

### ***Responsibility Statement***

The Issuer and the Guarantor accept sole responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

### ***Persons authorised to use this Information Memorandum***

Subject as provided in the applicable Pricing Supplement, the only persons authorised to use this Information Memorandum in connection with an offer of Securities are the persons named in the applicable Pricing Supplement as the relevant Dealer(s) and the persons named in or identifiable pursuant to the applicable Pricing Supplement as the Financial Intermediaries, as the case may be.

Any person (an "Investor") intending to acquire or acquiring any Securities from any person (an "Offeror") will do so, and offers and sales of the Securities to an investor by an Offeror will be made, in accordance with any terms and other arrangements in place between the Offeror and such investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with investors in connection with the offer or sale of the Securities and, accordingly, this Information Memorandum and any Pricing Supplement will not contain such information. **THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUER, THE GUARANTOR AND ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

### ***Information sourced from third parties***

Information contained in this Information Memorandum which is sourced from a third party has been accurately reproduced and, as far as each of the Issuer and the Guarantor is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Each of the Issuer and the Guarantor has also identified the source(s) of such information. The applicable Pricing Supplement will (if applicable) specify the nature of the responsibility taken by the Issuer and the Guarantor (if applicable) for the information relating to the underlying asset, index or other asset or basis of reference to which the relevant Securities relate and which is contained in such Pricing Supplement.

### ***The Dealers and the contents of this Information Memorandum***

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Information Memorandum or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Information Memorandum or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer, the Guarantor or any Dealer to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied in connection with the Programme or the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers.

### ***Admission to trading on the Irish Stock Exchange's Global Exchange Market***

Securities issued under the Programme to be admitted to the Irish Stock Exchange's Official List and trading on its Global Exchange Market will, because of their nature, normally be bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

### ***Admission to trading on the Euro MTF Market***

Securities issued under the Programme to be listed on the Luxembourg Stock Exchange's Official List and admitted to trading on the Euro MTF Market will, because of their nature, normally be bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

### ***Independent Investigation***

Neither this Information Memorandum nor any other information supplied in connection with the Programme or any Securities (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor or any of the Dealers that any recipient of this Information Memorandum or any other information supplied in connection with the Programme or any Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Information Memorandum nor any other information supplied in connection with the Programme or the issue of any Securities constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor or any of the Dealers to any person to subscribe for or to purchase any Securities. Furthermore, neither this Information Memorandum, nor any other information supplied in connection with the Programme or any Securities is, nor does it purport to be, investment advice. Unless expressly agreed otherwise with a particular investor, none of the Issuer, the Guarantor or any Dealer is acting as an investment adviser or providing advice of any other nature, or assumes any fiduciary obligation, to any investor in Securities.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to 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 or the Guarantor during the life of the Programme or to advise any investor in the Securities of any information coming to

their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference in this Information Memorandum when deciding whether or not to purchase any Securities.

### ***Credit Ratings***

The rating of certain Series of Securities to be issued under the Programme may be specified in the applicable Pricing Supplement. Please refer to "*Ratings of the Securities*" in the "*Risk Factors*" section of this Information Memorandum.

### ***Subscription and sales and transfer restrictions in the United States***

Persons into whose possession offering material comes must inform themselves about and observe any such restrictions. This Information Memorandum does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such an offer or a solicitation by anyone not authorised so to act. See "*Subscription and Sale*", "*Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions*" and "*Notice to Purchasers and Holders of Warrants and Transfer Restrictions*" below.

### ***Important information relating to the use of this Information Memorandum and offers of Securities generally***

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of Securities may be restricted by law in certain jurisdictions. The Issuer, the Guarantor and the Dealers do not represent that this Information Memorandum may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering, or that all actions have been taken by the Issuer, the Guarantor or the Dealers which would permit a public offering of any Securities or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. In particular, unless indicated to the contrary in the applicable Pricing Supplement, no action has been taken by the Issuer, the Guarantor or the Dealers which would permit a public offering of any Securities or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Securities. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Securities in the United States and the European Economic Area (including the United Kingdom, Luxembourg and Ireland), see "*Subscription and Sale*".

This Information Memorandum has been prepared on a basis that would permit an offer of Securities with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Securities in any Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") must 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 Securities. Accordingly, any person making or intending to make an offer of Securities in that Relevant Member State, may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Issuer, the Guarantor nor any Dealer have authorised, nor do they authorise, the making of any offer of Securities in circumstances in which any obligation arises for the Issuer or any Dealer to publish a prospectus for such offer.

### ***Investment Considerations***

#### **The Securities may not be suitable for all investors.**

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understands thoroughly the terms of the Securities and is familiar with the behaviour of any relevant indices and financial markets; and
- is able to evaluate 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 Equity Linked Securities, Equity Index/ETF Linked Securities, Inflation Index Linked Securities, Credit Linked N&C Securities, Currency Linked Securities, Commodity Linked N&C Securities, Fund Linked Securities, Property Index Linked Securities, Interest Rate Linked Securities or other structured Securities linked to other assets or bases of reference, may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks associated with Securities that are linked to one or more Reference Item(s)*" below.

Some Securities 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 Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser and/or other professional advisor) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

In making an investment decision, investors must rely on their own examination of the Issuer and the Guarantor and the terms of the Securities being offered, including the merits and risks involved.

Certain of the Dealers and their affiliates have engaged and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and their respective affiliates.

None of the Dealers, the Issuer and the Guarantor makes any representation to any investor in the Securities regarding the legality of its investment under any applicable laws. Any investor in the Securities should satisfy itself that it is able to bear the economic risk of an investment in the Securities for an indefinite period of time.

Purchasers of such Securities are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions and to have undertaken their own legal, financial, tax, accounting and other business evaluation of the risks and merits of investments in such Securities and should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors. Purchasers of Securities are solely responsible for making their own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of any Reference Entity or Reference Item and the information relating to any Reference Entity or Reference Item and the level or fluctuation of any Reference Item(s).

**SEE THE SECTION ENTITLED "*RISK FACTORS*" BELOW FOR CERTAIN INFORMATION THAT SHOULD BE CONSIDERED BY INVESTORS IN THE SECURITIES**

## NOTICE TO NEW HAMPSHIRE RESIDENTS

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

## U.S. INFORMATION

The Securities have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities approved this Information Memorandum or confirmed the accuracy or determined the adequacy of the information contained in this Information Memorandum. The Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Securities has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended. Any representation to the contrary is a criminal offence in the United States.

The Securities in bearer form that are debt for U.S. federal income tax purposes 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 or for the account or benefit of U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder.

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the terms of the Securities being offered, including the merits and risks involved.

Interests in Immobilised Bearer N&C Securities ("U.S. CDIs" as defined in the "*Form of the Securities*" below) may be offered or sold within the United States or to U.S. persons only to QIBs in transactions exempt from the registration requirements under the Securities Act. Each U.S. purchaser of U.S. CDIs is hereby notified that the offer and sale of any U.S. CDIs to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Each purchaser or holder of N&C Securities represented by a Rule 144A Global N&C Security (as defined below) or any Securities issued in registered form in exchange or substitution therefor (together "**Legended N&C Securities**"), and each purchaser or holder of interests in Permanently Restricted N&C Securities, will be deemed, by its acceptance or purchase of any such Legended Securities or Permanently Restricted N&C Securities, to have made certain representations and agreements intended to restrict the resale or other transfer of such Securities as set out in "*Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions*" and "*Subscription and Sale*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Securities*".

In addition, the offer, sale, resale, transfer, pledge or delivery of certain Securities, or any interest therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons may constitute a violation of the United States Commodity Exchange Act, as amended. Accordingly, the relevant Pricing Supplement for any Security determined to be subject to such prohibitions will specify that such Security may not at any time be offered, sold, resold, transferred, pledged or delivered in the United States or to U.S. persons, nor may any U.S. persons at any time trade or maintain a position in such Securities.

In respect of each issue of Legended N&C Securities, the Issuer may prepare and make available to all potential investors a further disclosure document (a "**Legended N&C Securities Disclosure Document**") and annex to that document the relevant Pricing Supplement. The Legended N&C Securities Disclosure Document shall contain additional or replicated information from that



contained in the Pricing Supplement which the Issuer deems appropriate for the purpose of the offering of such Legended N&C Securities. If such Legended N&C Securities are listed, the Issuer will not file the relevant Legended N&C Securities Disclosure Document with the relevant stock exchange, but will file the relevant Pricing Supplement in accordance with the rules of such stock exchange.

The Securities may not be acquired or held by, or acquired with the assets of, any employee benefit plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), any plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), an entity whose underlying assets include plan assets by reason of a plan's investment in such entity (collectively Benefit Plan Investors), or a governmental, church or non-U.S. plan subject to federal, state, local or non-U.S. laws substantially similar to Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), unless the acquisition, holding and disposition of the Securities does not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate the applicable provisions of any Similar Law. Purchasers of Securities on behalf of Benefit Plan Investors have exclusive responsibility for ensuring that their purchase and holding of the Securities does not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and by the purchase of Securities they will be deemed to have represented that the foregoing condition has been and will be met. The applicable Pricing Supplement relating to a particular Tranche of Securities may contain more information and reflect more particular limitations respecting Section 406 of ERISA or Section 4975 of the Code. See "*Certain ERISA Considerations*".

Notwithstanding anything in this Information Memorandum to the contrary, each prospective investor (and each employee, representative or other agent of the prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of any offering and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such U.S. tax treatment and U.S. tax structure, other than any information for which non-disclosure is reasonably necessary in order to comply with applicable securities laws.

#### **AVAILABLE INFORMATION**

If the Guarantor ceases to be a reporting company under the Exchange Act (as defined below), in order to permit compliance with Rule 144A in connection with any resales or other transfers of Securities that are "restricted securities" within the meaning of the Securities Act, the Issuer will undertake in a deed poll (the "**Deed Poll**") to furnish, upon the request of a holder of such Securities or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer and the Guarantor are neither reporting companies under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. The Guarantor is currently a reporting company under the Exchange Act.

#### **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

The Issuer and the Guarantor are companies incorporated in England. All of their directors reside outside the United States and all or a substantial portion of the assets of the Issuer and the Guarantor are located outside the United States. As a result, it may not be possible for investors to effect service of process outside England upon the Issuer or the Guarantor, or to enforce judgments against them obtained in the United States predicated upon civil liabilities of the Issuer or the Guarantor or such directors under laws other than English including any judgment predicated upon United States federal securities laws. The Issuer and the Guarantor have been advised that there is doubt as to the enforceability in England in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

#### **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

The consolidated annual financial statements of the Issuer and the Guarantor for the years ended 31 December 2012 and 2013 were prepared in accordance with International Financial Reporting Standards ("**IFRS**").

In this Information Memorandum, all references to billions are references to one thousand millions. Due to rounding, the numbers presented throughout this Information Memorandum may not add up precisely, and percentages may not precisely reflect absolute figures.

All references in this document to "**EUR**", "**Euro**", "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; references to "**USD**", "**U.S. dollars**", "**U.S.\$**" and "**\$**" are to the currency of the United States of America; and references to "**GBP**", "**Sterling**" and "**£**" are to the currency of the United Kingdom.

## TABLE OF CONTENTS

	Page
OVERVIEW OF THE PROGRAMME .....	5
RISK FACTORS .....	11
DESCRIPTION OF THE ISSUER .....	88
DESCRIPTION OF THE GUARANTOR AND THE GROUP .....	90
DOCUMENTS INCORPORATED BY REFERENCE .....	93
GENERAL DESCRIPTION OF THE PROGRAMME .....	97
GENERAL TERMS AND CONDITIONS OF THE N&C SECURITIES .....	101
GENERAL TERMS AND CONDITIONS OF THE WARRANTS .....	140
 <b>ANNEXES</b>	
CURRENCY ANNEX .....	166
EQUITY ANNEX .....	177
EQUITY INDEX/ETF ANNEX .....	200
FUNDS ANNEX .....	223
CREDIT ANNEX .....	236
INFLATION INDEX ANNEX .....	309
COMMODITY ANNEX .....	316
PROPERTY INDEX ANNEX .....	330
 FORM OF PRICING SUPPLEMENT FOR N&C SECURITIES .....	 336
FORM OF PRICING SUPPLEMENT FOR WARRANTS .....	392
FORM OF GUARANTEE .....	420
FORM OF THE SECURITIES .....	424
USE OF PROCEEDS .....	430
BOOK-ENTRY CLEARANCE SYSTEMS AND SETTLEMENT .....	431
TAXATION .....	437
CERTAIN ERISA CONSIDERATIONS .....	456
NOTICE TO PURCHASERS AND HOLDERS OF N&C SECURITIES AND TRANSFER RESTRICTIONS .....	458
NOTICE TO PURCHASERS AND HOLDERS OF WARRANTS AND TRANSFER RESTRICTIONS .....	465
SUBSCRIPTION AND SALE .....	468
GENERAL INFORMATION .....	476

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

## *Overview of the Programme*

### OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Information Memorandum and any decision to invest in any Securities should be based on a consideration of this Information Memorandum as a whole, including any documents incorporated by reference.

Words and expressions defined in "Form of the Securities", "General Terms and Conditions of the N&C Securities" and "General Terms and Conditions of the Warrants" shall have the same meanings in this overview.

<b>Description of Programme:</b>	Global Structured Solutions Programme (the " <b>Programme</b> ").
<b>Issuer:</b>	Abbey National Treasury Services plc, a wholly-owned subsidiary of the Guarantor.
<b>Guarantor:</b>	Santander UK plc.
<b>Description of Issuer and Guarantor:</b>	The Guarantor is the parent company of the Santander UK Group which provides financial services in the U.K. Both the Issuer and the Guarantor are limited liability companies established under the laws of England and Wales. The Guarantor and the Issuer form part of the Santander Group.
<b>Type of Securities:</b>	The Issuer may from time to time issue notes (" <b>Notes</b> "), redeemable certificates (" <b>Certificates</b> " and, together with Notes, " <b>N&amp;C Securities</b> ") and warrants (" <b>Warrants</b> " and, together with the N&C Securities, " <b>Securities</b> ") pursuant to the Programme.
<b>Status of the Securities:</b>	The Securities will constitute direct, unconditional and unsecured obligations of the Issuer and will rank <i>pari passu</i> without preference among themselves and, subject as to any applicable statutory provisions or judicial order, at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.
<b>Status of the Guarantee:</b>	Securities issued under the Programme will be unconditionally and irrevocably guaranteed by the Guarantor and such obligations of the Guarantor will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and will rank <i>pari passu</i> with all present and future, unsecured and unsubordinated obligations of the Guarantor, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.
<b>Credit ratings:</b>	The credit ratings of the Issuer and the Guarantor are available at: <a href="http://www.aboutsantander.co.uk/investors/credit-ratings.aspx">http://www.aboutsantander.co.uk/investors/credit-ratings.aspx</a> . The information provided in relation to the credit rating of the Issuer and the Guarantor should be read in conjunction with the risk factor headed " <i>Rating Agency Credit Ratings</i> ".
<b>Distribution:</b>	Private and public placement on a syndicated or non-syndicated basis. For the avoidance of doubt, this Information Memorandum has not been approved as a base prospectus for the purposes of the Prospectus Directive and, accordingly, no offer to the public may be made for the purposes of that Directive.
<b>Dealers:</b>	Abbey National Treasury Services plc trading as Santander Global Banking & Markets, Banco Santander, S.A., Santander Investment Chile Limitada and/or any other Dealers appointed in accordance with the Programme Agreement.
<b>Calculation Agent:</b>	Abbey National Treasury Services plc, unless otherwise specified in the Pricing Supplement.

## ***Overview of the Programme***

<b>Principal Paying Agent, Principal Warrant Agent and Paying Agents:</b>	Citibank, N.A., London, unless otherwise specified in the Pricing Supplement.
<b>Registrar (in the case of N&amp;C Securities) and German Warrant Agent (in the case of Warrants):</b>	Citigroup Global Markets Deutschland AG, unless otherwise specified in the Pricing Supplement.
<b>Luxembourg Warrant Agent:</b>	Banque Internationale à Luxembourg, <i>société anonyme</i> , unless otherwise specified in the Pricing Supplement.
<b>Redenomination:</b>	See the applicable Pricing Supplement.
<b>Issue Price:</b>	N&C Securities may be issued on a fully-paid or (other than Rule 144A Global N&C Securities) on a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par, and Warrants will be issued at the agreed Issue Price, each as indicated in the applicable Pricing Supplement.
<b>Programme Size:</b>	The maximum aggregate outstanding nominal amount of all N&C Securities and aggregate issue prices of outstanding Warrants from time to time issued under the Programme will not exceed €10,000,000,000 (or its equivalent in other currencies calculated as described herein) less the aggregate outstanding nominal amount of all N&C securities and aggregate issue prices of outstanding warrants from time to time issued under the Issuer's Note, Certificate and Warrant Programme described in the Base Prospectus dated 28 January 2014 (as revised, supplemented or amended from time to time) approved by the Central Bank of Ireland, subject to increase as described herein. The Base Prospectus dated 28 January 2014 is available for viewing at <a href="http://www.centralbank.ie">www.centralbank.ie</a> .
<b>(A) N&amp;C Securities</b>	
<b>Form of N&amp;C Securities:</b>	<p>The N&amp;C Securities of each Series will initially be represented by a global security in bearer form. Bearer N&amp;C Securities will be issued outside the United States in reliance on Regulation S. Immobilised Bearer N&amp;C Securities will be issued through Citibank, N.A., London Branch in its capacity as Book-Entry Depository pursuant to an amended and restated N&amp;C Securities Depository Agreement dated on or about the date of this Information Memorandum both (a) outside the United States in offshore transactions to non-U.S. persons in reliance upon Rule 903 or Rule 904 of Regulation S and (b) within the United States to or to, or for the account or benefit of, U.S. persons that are QIBs in reliance on Rule 144A, as described in "<i>Form of the Securities</i>".</p> <p>If CREST Depository Interests are specified in the applicable Pricing Supplement, investors will hold dematerialised depository interests ("<b>CREST Depository Interests</b>") (which are issued and settled through CREST) constituted and issued by Crest Depository Limited (the "<b>Crest Depository</b>") and representing indirect interests in the N&amp;C Securities (as described in "<i>Book-Entry Clearance Systems and Settlement</i>").</p>
<b>Type of N&amp;C Securities:</b>	<p>The following types of N&amp;C Securities may be issued under the Programme:</p> <p>Fixed Rate N&amp;C Securities, Floating Rate N&amp;C Securities, Dual Currency N&amp;C Securities, Zero Coupon N&amp;C Securities, non-interest bearing N&amp;C Securities, Partly-Paid N&amp;C Securities, Partial Redemption N&amp;C Securities and N&amp;C Securities in respect of which payments (whether in respect of principal and/or interest and whether at maturity or otherwise) and/or deliveries will be calculated by reference (i.e. "linked") to an underlying asset or reference basis which may include a share, equity index, exchange</p>

## ***Overview of the Programme***

traded fund, inflation index, commodity, exchange rate, fund, property index, interest rate, reference entity or obligation (or a basket thereof), such Securities including Equity Linked N&C Securities, Equity Index/ETF Linked N&C Securities, Inflation Index Linked N&C Securities, Commodity Linked N&C Securities, Currency Linked N&C Securities, Fund Linked N&C Securities, Property Index Linked N&C Securities, Interest Rate Linked N&C Securities, Credit Linked N&C Securities and Cross Asset Linked Securities (being any combination of any underlying asset or reference basis).

Other types of N&C Securities may also be issued under the Programme and the Pricing Supplement for any such N&C Securities will specify all the terms and conditions applicable thereto, which may or may not include certain or all of the terms and conditions set out in the General Terms and Conditions of the N&C Securities contained herein.

**Maturities:** Subject to any applicable legal or regulatory restrictions and the rules from time to time of any relevant central bank (or equivalent body), see the applicable Pricing Supplement.

**Interest:** Interest periods, rates of interest and the terms of and/or amounts payable on any interest payment date may differ depending on the N&C Securities being issued, in each case as specified in the applicable Pricing Supplement.

**Redemption:** The applicable Pricing Supplement will indicate either that the relevant N&C Securities cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or following an Event of Default or for certain other specified events) or that such N&C Securities will be redeemable, on notice, at the option of the Issuer and/or the N&C Securityholders, on a date(s) specified prior to such stated maturity or automatically upon the occurrence of certain specified events or on a date(s) after the stated maturity following specified events noted in the Conditions and/or the applicable Pricing Supplement and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer as indicated in the applicable Pricing Supplement.

The applicable Pricing Supplement may provide that (i) N&C Securities are Partial Redemption N&C Securities and will be redeemable in two instalments or (ii) that N&C Securities may otherwise be redeemable in two or more instalments of, in each case, such amounts and on such dates as indicated in the applicable Pricing Supplement.

**Settlement:** Settlement of the N&C Securities may be by way of cash or by physical delivery of the relevant Asset Amount as specified by the applicable Pricing Supplement and/or the Conditions. N&C Securityholders may be required to pay certain expenses in relation to N&C Securities subject to physical delivery, which may be reflected by way of a deduction of such expenses from the Asset Amount to be delivered.

**Denomination of N&C Securities:** N&C Securities issued by nominal amount will be issued in such denominations as indicated in the applicable Pricing Supplement save that the minimum denomination of each N&C Security will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Where specified in the applicable Pricing Supplement, N&C Securities will also be issued in units.

No sales of Legended N&C Securities in the United States to any one purchaser will be for less than U.S.\$100,000 (or its equivalent in the relevant currency).

**Taxation:** All payments in respect of the N&C Securities will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction or pursuant to FATCA

## ***Overview of the Programme***

unless such deduction is required as provided in N&C Security Condition 8 (Taxation). In the event that any such deduction is required, neither the Issuer nor, as the case may be, the Guarantor will be required to pay any additional amounts to cover the amounts so deducted. Further, all payments in respect of the N&C Securities will be made subject to any withholding or deduction required pursuant to fiscal and other laws, as provided in Condition 6.4(B) (General provisions applicable to payments.)

### **(B) Warrants**

#### **Trading Method:**

The Warrants will be issued and traded as Units, with each Unit representing 1 Warrant.

#### **Type of Warrants:**

Warrants in respect of which payments and/or deliveries will be calculated by reference (i.e. linked) to an underlying asset or reference basis which may include a share, equity index, exchange traded fund, inflation index, exchange rate, fund, property index or interest rate (or basket thereof), such Warrants including Equity Linked Warrants, Equity Index/ETF Linked Warrants, Inflation Index Linked Warrants, Currency Linked Warrants, Fund Linked Warrants, Property Index Linked Warrants and Interest Rate Linked Warrants.

Other types of Warrants may also be issued under the Programme and the Pricing Supplement pertaining to any such Warrants will specify all the terms and conditions applicable thereto, which may or may not include features of the above types of Warrants or certain or all of the terms and conditions set out in the Warrant Conditions contained herein.

The Warrants may either be European Style Warrants, American Style Warrants or Bermudan Style Warrants.

#### **Form of the Warrants:**

The Permanent Global Warrant in registered form will be held by a common depository on behalf of the Clearance Systems. Definitive Warrants will not be issued.

#### **Exercise and Settlement:**

American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period. European Style Warrants are only exercisable on the Exercise Date. Bermudan Style Warrants are exercisable on each Exercise Date. Where specified in the applicable Pricing Supplement, the Warrants may be automatically exercised.

In respect of any Warrants, where Automatic Exercise is not specified as being Applicable in the applicable Pricing Supplement and an Exercise Notice is not delivered in accordance with Warrant Condition (5) (Exercise Procedure), such Warrants will become void.

The Warrants will be settled by cash payment or physical delivery.

In certain circumstances the Issuer may vary settlement in respect of the Warrants.

#### **Taxation and Expenses:**

A holder of Warrants must pay all taxes, duties and/or expenses arising in connection with the exercise of such Warrants and/or, if applicable, the delivery or transfer of the Entitlement relating to such Warrants.

Neither the Issuer nor the Guarantor shall 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, exercise or enforcement of any Warrant by any person, and all payments made by the Issuer or Guarantor shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

## *Overview of the Programme*

### **(C) General**

#### **Events of Default:**

The terms of the Securities will contain, amongst others, events of default for non-performance or non-observance of the Issuer's or Guarantor's obligations in respect of the Securities and events relating to the insolvency or winding-up of the Issuer or the Guarantor.

It is a condition precedent to a relevant event being treated as an event of default that at least 25% of Securityholders in nominal amount or number of units, as applicable, have requested this.

#### **Use of Proceeds:**

The net proceeds from each issue of Securities will be applied by the Issuer for its general corporate purposes and any particular identified use will be stated in the applicable Pricing Supplement.

#### **Rating:**

If any issue of Securities under the Programme is to be rated, the rating of such Securities will be specified in the applicable Pricing Supplement.

#### **Listing and Admission to Trading:**

Securities may be:

- (a) listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market. The Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive;
- (b) admitted to the Official List of the Irish Stock Exchange and to trading on the Global Exchange Market of the Irish Stock Exchange. The Irish Stock Exchange's Global Exchange Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive;
- (c) listed or admitted, as the case may be, on other or further stock exchange(s) or markets (other than in respect of an admission to trading on any market in the EEA which has been designated as a regulated market for the purposes of the Prospectus Directive); or
- (d) neither listed nor admitted to trading on any market,

in each case, as indicated in the applicable Pricing Supplement in relation to each Series.

#### **Governing Law:**

The Securities and any non-contractual obligations arising out of or in connection with the Securities will be governed by, and construed in accordance with, English law.

#### **Selling Restrictions:**

Restrictions apply to offers, sales or transfers of Securities in various jurisdictions. See the sections headed "*Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions*", "*Notice to Purchasers and Holders of Warrants and Transfer Restrictions*" and "*Subscription and Sale*" in this Information Memorandum. Additional selling restrictions may apply as specified in the applicable Pricing Supplement. In all jurisdictions offers, sales or transfers may only be effected to the extent lawful in the relevant jurisdiction.

#### **Certain Restrictions:**

Each issue of Securities, denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply, will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions*", "*Notice to Purchasers and Holders of*



## ***Overview of the Programme***

*Warrants and Transfer Restrictions" and "Subscription and Sale").*

**(D) Risk Factors:**

*Each prospective investor should consult its own financial and legal advisers about the risks associated with an investment in the Securities and the suitability of an investment in the relevant Securities in light of its particular circumstances.*

Certain factors may affect the Issuer's and the Guarantor's ability to fulfil their obligations under Securities issued under the Programme. These are set out under "*Risk Factors*" in this Information Memorandum and include risks concerning the creditworthiness of the Issuer and the Guarantor, general economic conditions, competition in the financial services industry, regulatory and legislative change, operational risks, potential conflicts of interest and the risk that hedging and trading activity by the Issuer, the Guarantor or any of their affiliates may affect the value of Securities. Additionally, the risks relating to investment in the Securities depend on their features and may include, *inter alia* (as more fully described under "*Risk Factors*") risks relating to (but not limited to) operational/business risk, credit risk, liquidity risk, interest rate risk, regulatory risk, reputational risk, competition risk, unsecured obligations, market risk, hedging and potential conflicts of interest, tax liabilities, expenses and taxation, third party risk, structural risks relating to particular N&C Securities, including with respect to certain underlyings, no claim against the Reference Item, partly-paid N&C Securities, exchange rate risks, settlement disruption (including as to auction settlement in respect of Credit Linked N&C Securities), illegality and cancellation, time lag after redemption or exercise, physical delivery requirements and settlement risk, possible illiquidity of Securities, equity risk, currency risk, commodity risk, underlying volatility risk, fund risk, failure to deliver due to illiquidity, inflation risk, modification, meetings, market disruption, optional redemption (in the case of N&C Securities), minimum denomination (in the case of N&C Securities), factors affecting the value and trading price of Warrants, minimum exercise amount (in the case of Warrants), limitations on exercise (in the case of Warrants), transfer restrictions and exchange listing and legal regulation risk.

In addition, for certain of the Securities, various events in relation to the relevant underlying asset or reference basis may lead to adjustments to or early redemption or cancellation of the Securities and there are certain factors which are material for the purpose of assessing the market risks associated with Securities issued under the Programme (see "*Risk Factors*" in this Information Memorandum).

## ***Risk Factors***

### **RISK FACTORS**

*An investment in the Securities may involve a high degree of risk. In purchasing Securities, investors assume the risk that the Issuer and the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Securities. There are a wide range of factors which individually or together could result in the Issuer and the Guarantor becoming unable to make all payments due in respect of the Securities. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control. The Issuer and the Guarantor have identified in this Information Memorandum a number of factors which could materially adversely affect their businesses and ability to make payments or deliveries due under the Securities.*

*In addition, factors which are material for the purpose of assessing the market risk associated with Securities issued under the Programme are detailed below.*

*The factors discussed below regarding the risks of acquiring or holding any Securities are not exhaustive, and additional risks and uncertainties that are not presently known to the Issuer or Guarantor or that the Issuer or Guarantor currently believes to be immaterial could also have a material impact on the Securities.*

*Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.*

*Words and expressions defined in the "General Terms and Conditions of the N&C Securities" and the "General Terms and Conditions of the Warrants" below or elsewhere in this Information Memorandum have the same meanings in this section.*

#### **Contents of the Risk Factors**

1. **Key risks with respect to an investment in the Securities**
2. **General risks relating to an investment in the Securities**
3. **Risks associated with the N&C Securities**
4. **Risks associated with the Warrants**
5. **Risks associated with Securities that are linked to one or more Reference Item(s)**
6. **Risk factors relating to the Issuer, the Guarantor and the Group**

#### **1. Key risks with respect to an investment in the Securities**

##### **1.1 *Investors in Securities may lose up to the entire value of their investment in the Securities as a result of the occurrence of any one or more of the following events:***

- (a) the terms of the relevant Securities do not provide for full repayment of the initial purchase price upon final settlement and/or early termination of such Securities and the Reference Item(s) (as described in risk factors below) perform in such a manner that the final settlement amount and/or early termination amount is less than the initial purchase price. The pay-out formula of Securities may provide for the return of the initial purchase price at final termination. These Securities are sometimes referred to as being "capital protected" on final termination. Investors in Securities that are not "capital protected" may risk losing their entire investment if the value of the Reference Item(s) does not move in the anticipated direction. Investors in Securities that are "capital protected" may still be subject to loss of some or all of their investment in the circumstances described in (b), (c), and (d) below and may not receive any value for the time during which they hold the Securities;

## ***Risk Factors***

- (b) the Issuer and Guarantor of the relevant Securities are subject to insolvency proceedings or some other event impairing their ability to meet their obligations under the Securities;
- (c) the investor seeks to sell the relevant Securities prior to their scheduled termination, and the sale price of the Securities in the secondary market is less than the purchaser's initial investment;
- (d) the relevant Securities are subject to certain adjustments in accordance with the terms and conditions of such Securities that may result in the scheduled amount to be paid or asset(s) to be delivered upon termination being reduced to or being valued at an amount less than a purchaser's initial investment; and
- (e) amounts payable may be subject to deductions for taxes and/or expenses.

### **1.2 *The Securities are unsecured obligations of the Issuer and the Guarantor***

All Securities will represent direct, unconditional and unsecured obligations of the Issuer. All Securities will rank *pari passu* and without any preference among themselves and subject to any applicable statutory provisions or judicial order, at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

The obligations of the Issuer are fully and unconditionally guaranteed by the Guarantor. It should however be noted that this Guarantee extends only to amounts which have become due and payable or obligations which are due to be performed in accordance with the General Terms and Conditions of the N&C Securities and the General Terms and Conditions of the Warrants, as the case may be. There is no assurance that any amount will become due and payable or any other relevant obligation will arise under the terms of the relevant Security (for example, in certain circumstances, interest and/or principal will cease to be payable, or the amount payable will be reduced, under the terms of the relevant Security). The obligations of the Guarantor under the Guarantee are unsubordinated and unsecured obligations of Santander UK plc and will rank *pari passu* and without any preference among themselves and subject to any applicable statutory provisions or judicial order, at least equally with all its other present and future unsubordinated and unsecured obligations of the Guarantor.

Investors should note in particular that even in respect of N&C Securities which are expressed to be "principal protected" or "capital protected" on termination and/or include a minimum redemption amount, return of an investor's initial capital investment remains dependent on the Issuer and/or the Guarantor's ability to meet their obligations in full. Where the Issuer and/or the Guarantor are unable to do so, an investor will lose some and possibly all of the amount invested. In addition any amount payable on early redemption or secondary market sale of N&C Securities may be significantly less than the amount that would otherwise be payable at maturity.

Investing in the Warrants entails significant risk and under certain circumstances, as described herein, an investor in the Warrants may lose all or any part of their investment.

### **1.3 *No government or other protection***

The Securities issued by Abbey National Treasury Services plc and the guarantee provided by Santander UK plc are not savings accounts or deposits of either the Issuer or Guarantor or any member of the Santander Group. The Securities are not protected by the UK Financial Services Compensation Scheme or any other government or private protection scheme.

## **2. *General risks relating to an investment in the Securities***

### **2.1 *The Securities may not be suitable for all investors***

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;

## ***Risk Factors***

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly (if necessary, in consultation with the investor's own legal, tax, accountancy, regulatory, investment or other professional advisers) the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser and/or other professional advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### ***2.2 The Issue Price of the Securities may be more than the market value of such Securities as at the Issue Date, and the price of the Securities in secondary market transactions***

The Issue Price in respect of any Securities specified in the relevant Pricing Supplement may be more than the market value of such Securities as at the relevant Issue Date, and the price, if any, at which the relevant Dealer(s) or any other person willing to purchase such Securities in secondary market transactions may be lower than the Issue Price in respect of such Securities. In particular, the Issue Price in respect of any Securities may take into account several types of proceeds, benefits or costs to the Issuer, which may include amounts with respect to inducements, commissions and/or other fees relating to the issue and sale or distribution of such Securities as well as up-front payments or other amounts relating to the hedging of the Issuer's obligations under such Securities. Secondary market prices are likely to exclude such amounts. In addition, pricing models of relevant market participants may differ or produce a different result. This can cause a difference between the theoretical value of the Securities and any bid and offer prices quoted by the Issuer, the Guarantor, any Affiliate or any third party. Such differences may be greater when the Securities are initially traded on any secondary markets and may gradually decline in value during the term of the Securities.

### ***2.3 The market value and the amount payable and/or deliverable on termination of the Securities may be adversely affected by a number of factors, and the price at which a holder of Securities may be able to sell Securities prior to termination may be at a substantial discount to the market value of such Securities on the Issue Date. A holder of such Securities may suffer a loss of some or all of the entire amount invested on termination***

#### ***(a) A Security's purchase/offer price may not reflect its inherent value***

Prospective investors in the Securities should be aware that the purchase/offer price of a Security does not necessarily reflect its inherent value. Any difference between a Security's purchase/offer price and its inherent value may be due to a number of different factors including, without limitation, prevailing market conditions and fees, discounts or commissions paid or accorded to the various parties involved in structuring and/or distributing the Securities, where permitted by applicable law. For further information prospective investors should refer to the party from whom they are purchasing the Securities. Prospective investors may also wish to seek an independent valuation of Securities prior to their purchase.

#### ***(b) Effect of credit ratings of the Issuer and/or the Guarantor***

The value of the Securities is expected to be affected, in part, by investors' general appraisal of the Issuer's and the Guarantor's creditworthiness. Such perceptions are generally influenced by the ratings accorded to the Issuer's and/or Guarantor's outstanding securities by standard statistical rating services, such as Moody's Investors Service Ltd ("**Moody's**"), Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and Fitch Ratings Ltd ("**Fitch**"). A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer and/or the Guarantor by one of these rating agencies could result in a reduction in the trading value of the Securities.

## ***Risk Factors***

(c) ***Effect of the performance of the underlying Reference Item(s)***

Securities which are linked to the performance of any Reference Item(s) will represent an investment linked to the economic performance of the Reference Item(s) and investors should note that any return on their investment in such Securities will depend upon the performance of such Reference Item(s). Investors should not invest in any Securities if they do not fully understand how the performance of the Reference Item(s) may affect the pay-out and value of the Securities, including (i) the potential to lose all their investment, (ii) any limit on potential profits and (iii) the effects of any provision which increases exposure to the movement in price or level of the Reference Item(s) (sometimes referred to as "leverage").

If the amounts payable and/or deliverable in respect of Securities are linked to the performance of the Reference Item(s), an investor in such a Security must generally make correct predictions as to the direction, timing and magnitude of an anticipated change in the value of the Reference Item(s) or other basis which may be specified in the relevant Pricing Supplement. However, it is impossible to make such predictions with any degree of certainty, and investors in Securities must be aware that the historical performance of the Reference Item(s) should not be taken as an indication of future performance of such Reference Item(s) during the term of such Security.

In contrast to a direct investment in the Reference Item(s), Securities represent the right to receive payment and/or delivery of amounts which will be determined by reference to the performance of the Reference Item(s). Potential purchasers should also note that whilst the market value of such Securities linked to such Reference Item(s) will be influenced (positively or negatively) by such Reference Item(s), any change may not be comparable or directly proportionate to the change in value of such Reference Item(s).

(d) ***The market value of the Securities at any time is dependent on other matters in addition to the credit risk of the Issuer and Guarantor (if any) and the performance of the Reference Item(s)***

The market value of the Securities at any time will be affected by a number of factors independent of the creditworthiness of the Issuer and Guarantor (if any) and the performance of the Reference Item(s), including:

- (i) market interest and yield rates;
- (ii) fluctuations in currency exchange rates;
- (iii) fluctuations in commodities prices;
- (iv) liquidity of the Securities and/or of any Reference Item(s) in the secondary market;
- (v) the time remaining to any redemption date, maturity date, exercise date or expiration date, as the case may be;
- (vi) where the Reference Item(s) is/are equity securities, the dividend rate on the Reference Item(s) and the financial results and prospects of the issuer of each Reference Item;
- (vii) where the Reference Item(s) is/are credit linked, the creditworthiness of the specified reference entity or entities;
- (viii) numerous other events (e.g. economic, financial, regulatory, political, terrorist or military events) in one or more jurisdictions, including factors affecting capital markets generally or the stock exchanges on which any of the Securities or Reference Item(s) may be traded.

The amount(s) which are or may be payable and/or deliverable in respect of Securities are typically expected to be but do not have to be greater than the trading price of such Securities at any time prior to termination. The difference between the trading price and such amount(s) will reflect, among other things, a "time value" for the Securities. The "time value" of the Securities will depend partly upon the length of the period remaining to termination and expectations concerning the value of the Reference Item(s).

## ***Risk Factors***

Before exercising or selling Securities, holders should carefully consider, among other things, (i) the trading price of the Securities, (ii) the value and volatility of the Reference Item(s), (iii) the time remaining to termination, (iv) the possible range of amounts payable and/or deliverable on the Securities, (v) any changes in interim interest rates and dividend yields (if any), (vi) any changes in currency exchange rates, (vii) the depth of the market or liquidity of the Reference Item(s) and (viii) any related transaction costs.

(e) ***Current market climate***

Investors should be aware of the prevailing and widely reported global credit market, whereby there is a general lack of liquidity in the secondary market for many types of instruments, which may include instruments similar to the Securities. Such lack of liquidity may result in investors suffering losses on the Securities in secondary market sales even if there is no decline in the performance of the Reference Item(s) or the creditworthiness of the Issuer and/or the Group. The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Securities at that time.

Certain countries in Europe currently have large sovereign debts and/or fiscal deficits and this has led to uncertainties in the markets as to whether or not the governments of those countries will be able pay in full and on time the amounts due in respect of those debts. These concerns have led to significant and rapid changes in secondary market prices for sovereign debt of the affected countries (especially Greece, Spain, Portugal, Ireland and Italy) and also to significant and rapid changes in exchange rates, especially with respect to the Euro. Further, the continued concern about the fiscal positions of the governments of the affected countries has also raised concerns regarding the exposures of banks to such countries, especially banks domiciled within Europe. These concerns may lead to such banks being unable to obtain funding in the interbank market, which may cause such banks difficulty in funding their operations and potentially insolvency. If the current concerns over sovereign and bank solvency continue, there is a danger that interbank funding may become generally unavailable or available to most banks only at higher interest rates. If this were to happen, investors may suffer market value and/or credit losses in respect of the Securities.

(f) ***The market value of Securities may be highly volatile***

Where the Securities reference one or more Reference Items, the holders of such Securities are exposed to the performance of such Reference Items. The price, performance or investment return of the Reference Items may be subject to sudden and large unpredictable changes over time and this degree of change is known as "volatility". The volatility of a Reference Item may be affected by national and international financial, political, military or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of the Securities.

(g) ***The market value of Securities and the amount payable or deliverable on the Securities may be affected due to the application of leverage or reduced exposure in the structure***

Where a formula used to determine the amount(s) payable and/or deliverable with respect to the Securities contains a multiplier participation rate or leverage factor (whether implicit or explicit) greater than one or 100.00 per cent., then the percentage change in the value of the Security may be greater than any positive and/or negative performance of the Reference Item(s). Securities which include such multiplier or leverage factor represent a very speculative and risky form of investment, since any loss in the value of the Reference Item(s) may carry the risk of a correspondingly higher loss on the Securities.

Where a formula used to determine the amount(s) payable and/or deliverable with respect to the Securities contains an explicit or implicit multiplier participation rate or factor of less than one or 100.00 per cent., then the percentage change in the value of the Security may be less than any positive and/or negative performance of the Reference Item(s). Securities which include such multiplier or leverage factor may not benefit from the full extent of any gain in the value of the Reference Item(s), since any gain in the value of the Reference Item(s) may carry the risk of a correspondingly lower gain on the Securities.

## ***Risk Factors***

### **(h) *Distributor(s)/Introducing Broker Fees***

Investors should note that, in certain circumstances immediately following the issue of the Securities, the secondary market price of the Securities may be less than the Issue Price and/or the offer price for a number of reasons which may include the fact that the Issue Price and/or the offer price included fees or commissions, including fees to be paid to distributor(s) and/or introducing brokers, where permitted by applicable law. See also (a) above.

### **2.4 *There may not always be a secondary market for the Securities***

#### **(a) *The Issuer and the Guarantor cannot assure a trading market for the Securities will ever develop or be maintained***

The Issuer may issue Securities in different series with different terms in amounts that are to be determined. Such Securities may be unlisted or listed on a recognised stock exchange and there can be no assurance regarding the ability of Securityholders to sell their Securities or the price at which such holders may be able to sell their Securities. Investors should however, be aware of the prevailing and widely reported global credit market conditions, whereby a general lack of liquidity in the secondary market for many types of instruments, which may include instruments similar to the Securities may result in investors suffering losses on Securities in secondary resales even if there is no decline in the performance of the Reference Item(s) or of the Issuer or the Guarantor. The Issuer and the Guarantor cannot predict when these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Securities at that time. If a trading market were to develop, the Securities could trade at prices that may be higher or lower than the relevant initial issue price and this may result in a return that is greater or less than any interest or other additional amounts payable in respect of the Securities, depending on many factors, including:

- the Group's financial results;
- any change in the Issuer's or the Guarantor's creditworthiness;
- the market for similar securities or instruments;
- the complexity and volatility of the Reference Items applicable to any Securities issued under the Programme;
- the method of calculating the principal, premium (if any), interest (if any) and other amounts payable or deliverable in respect of the Securities;
- the time remaining to the maturity of the N&C Securities or to exercise the Warrants;
- the outstanding amount of the Securities;
- the redemption or exercise features of the Securities; and
- the level, direction and volatility of market interest rates generally.

In addition, certain Securities have a more limited trading market and experience more price volatility because they were designed for specific investment objectives or strategies. There may be a limited number of buyers when an investor decides to sell such Securities. This may affect the price an investor receives for such Securities, or the ability of an investor to sell such Securities at all.

Application may be made to list an issue of Securities on a stock exchange, as indicated in the applicable Pricing Supplement. The fact that the Securities may be listed does not necessarily lead to greater liquidity. No assurance can be given that there will be a market for any Securities. If Securities are not traded on any stock exchange, pricing information for such Securities may be more difficult to obtain, and the liquidity and market prices of such Securities may be adversely affected. The liquidity of the Securities may also be affected by restrictions on offers and sales of Securities in some jurisdictions. Securities may be more difficult to obtain and the liquidity of the Securities may be adversely affected. Also, to the extent Securities of a particular issue are cancelled, exercised or redeemed, as the case may be, the number of Securities of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Securities of such

## ***Risk Factors***

issue. A decrease in the liquidity of an issue of Securities may cause, in turn, an increase in the volatility associated with the price of such issue of Securities.

The Issuer is not required to maintain the listing on such stock exchange or any other exchange. The price at which the Securities trade on the relevant stock exchange (or any other exchange on which they are traded or quoted) may not reflect the applicable Redemption Amount or Exercise Amount (as the case may be).

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

There may be less liquidity in the secondary market for the Securities also if they are exclusively offered to retail investors without any offer to institutional investors.

- (b) ***An active secondary market in respect of the Securities may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Securities***

Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Securities 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 Securities 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 Securities generally would have a more limited secondary market and more price volatility than conventional securities.

Each of the Issuer and any Dealer may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or surrendered for cancellation. A Dealer may, but is not obliged to, be a market maker for an issue of Securities. Even if a Dealer is a market-maker for an issue of Securities, the secondary market for such Securities may be limited. In addition, affiliates of the Issuer (including, if applicable, any Dealer) may purchase Securities at the time of their initial distribution and from time to time thereafter.

- (c) ***The Securities are subject to selling and transfer restrictions that may be affected by the existence and liquidity of any secondary market in the Securities***

The Securities have not been, and will not be, registered under the Securities Act or any other securities laws. Accordingly, the Securities are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Subscription and Sale*". As a result of such restrictions, the Issuer and the Guarantor cannot be certain of the existence of a secondary market for the Securities or the liquidity of such market if one develops. Consequently, a Securityholder must be able to bear the economic risk of an investment in such Securities for an indefinite period of time.

- 2.5 ***There may be price discrepancies with respect to the Securities as between various dealers or other purchasers in the secondary market***

If at any time a third party dealer quotes a price to purchase Securities or otherwise values Securities, that price may be significantly different (higher or lower) from any price quoted by any member of the Santander Group. Furthermore, if any Securityholder sells their Securities, the Securityholder will likely be charged a commission for secondary market transactions, or the price may reflect a dealer discount.



## ***Risk Factors***

### **2.6 *The Securities may be terminated prior to their scheduled final termination***

In certain circumstances, the Early Redemption Amount (in the case of N&C Securities) or the Early Cancellation Amount (in the case of Warrants) payable on the termination of a Security prior to its scheduled maturity or expiration date (as the case may be) may be less than its original purchase price and could be as low as zero.

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

Securities may be terminated early for a number of reasons, including any of the following:

- (i) the occurrence of a mandatory early termination event (e.g. the price or level of the Reference Item rises above or falls below a pre-determined barrier level), if specified in the terms and conditions of the Securities;
- (ii) the exercise by the Issuer of a call option, if specified to be applicable in the relevant Pricing Supplement;
- (iii) the exercise by the Securityholder of a put option, if specified to be applicable in the relevant Pricing Supplement;
- (iv) the occurrence of certain events or other circumstances in relation to a Reference Item at the discretion of the Calculation Agent;
- (v) the Issuer determines that its performance under any Security has become unlawful in whole or in part for any reason (see N&C Security Condition 7.4 (*Redemption for illegality*) in respect of the N&C Securities and Warrant Condition 6.1 (*Cancellation for Illegality*) in respect of the Warrants);
- (vi) the Calculation Agent determines that a change in applicable law or regulation has occurred and solely by reason of the Securities being outstanding, will result in the Issuer being required to be regulated by any additional jurisdiction or regulatory authority or being subject to any additional legal requirement or regulation considered by the Issuer to be materially onerous (see N&C Security Condition 7.5 (*Regulatory Redemption Event*) in respect of the N&C Securities and Warrant Condition 6.2 (*Regulatory Cancellation Event*) in respect of the Warrants);
- (vii) in certain circumstances where the Issuer determines that it will be obliged to account for any present or future taxes, duties, assessments or governmental charges (see N&C Security Condition 7.6 (*Redemption for tax reasons*) in respect of the N&C Securities and Warrant Condition 6.5 (*Early cancellation for tax reasons*) in respect of the Warrants); or
- (viii) following an Event of Default (see N&C Security Condition 10 (*Events of Default*) in respect of the N&C Securities and Warrant Condition 7 (*Events of Default*) in respect of the Warrants).

With regard to the exercise by the Issuer of a call option, see risk factor 3.2 below.

With regard to early termination due to any of illegality, a regulatory cancellation event or tax, the Early Redemption Amount or Early Cancellation Amount (as the case may be) in respect of each Security shall (if, in the case of N&C Securities, "Market Value" is specified in the applicable Pricing Supplement and unless otherwise specified in the relevant Pricing Supplement) be an amount determined by the Calculation Agent as representing the fair market value of such Securities immediately prior to such early termination, adjusted to account fully for any reasonable expenses and costs of unwinding any underlying and/or related hedging and funding arrangements (including, without limitation any equity options, equity swaps or other Securities of any type whatsoever hedging the Issuer's obligations under the Securities). An investor in Securities should be aware that this Early Redemption Amount or Early Cancellation Amount (as the case may be) may be less than the investor's initial investment, and in such case see risk factor 1.1 (*Investors in Securities may lose*

## ***Risk Factors***

up to the entire value of their investment in the Securities as a result of the occurrence of any one or more of the following events).

### **2.7 *Rating Agency Credit Ratings***

#### **(a) *Use of credit ratings assigned to the Issuer***

Investors should note that a credit rating assigned to the Issuer may not reflect the potential impact of all of the risks related to the structure, market and type of return of the Securities but may affect the value of the Securities. Any rating agency may lower its ratings or withdraw its rating if, in the sole judgment of the rating agency, the credit quality of the Issuer has declined or is in question. In addition, at any time any rating agency may revise its relevant rating methodology with the result that, amongst other things, any rating assigned to the Issuer may be lowered. If any rating assigned to the Issuer is lowered or withdrawn, the secondary market value of any Securities may reduce. A rating is not a recommendation to buy, sell or hold any Securities and may be subject to suspension or withdrawal (or, as noted above, revision) at any time. Each rating agency may have different criteria for evaluating risk, and therefore each rating should be evaluated independently of any other rating.

#### **(b) *Relationship of the Issuer's and Guarantor's Ratings***

The credit rating of the Issuer is closely aligned with the credit rating of the Guarantor due to the nature of the relationship between the entities. Any change in the rating of the Guarantor may, therefore, result in a corresponding change to the rating of the Issuer.

#### **(c) *Use of credit ratings assigned to a particular series of Securities - European regulated investors and the CRA Regulation***

One or more independent credit rating agencies may also assign credit ratings to a particular Series of Securities. 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).

The list of registered and certified rating agencies published by the European Securities Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

#### **(d) *Credit ratings assigned to the Issuer, the Guarantor or any Securities may not reflect all the risks associated with an investment in those Securities***

Any credit rating assigned to the Issuer, the Guarantor or a Series of Securities may not reflect the potential impact of all risks related to the structure, market or additional factors discussed above, and other factors that may affect the value of those Securities. The credit rating agencies may have different rating methodologies, criteria, models and requirements from one another. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, reduced, suspended, qualified or withdrawn by the rating agency at any time.

## ***Risk Factors***

### **2.8 *Market disruption and settlement disruption***

#### **(a) *Market Disruption Event and Disrupted Day***

If an issue of Securities includes provisions dealing with the occurrence of a market disruption event or a failure to open of an exchange or related exchange on a Valuation Date or an Averaging Date and the Calculation Agent determines that a market disruption event or such failure has occurred or exists on a Valuation Date or an Averaging Date, any consequential postponement of the Valuation Date or Averaging Date or any alternative provisions for valuation provided in any Securities may have an adverse effect on the value of such Securities.

#### **(b) *Settlement Disruption Event and Failure to Deliver due to Illiquidity***

In the case of physically settled Securities (other than Credit Linked N&C Securities), if a Settlement Disruption Event occurs or exists on the Delivery Date, settlement will be postponed until the next date on which no Settlement Disruption Event occurs. The Issuer in these circumstances also has the right to pay the Disruption Cash Redemption Amount in lieu of delivering the Asset Amount or Entitlement. Such a determination may have an adverse effect on the value of the relevant Securities.

In the case of Physical Delivery N&C Securities which are Credit Linked N&C Securities, if all or some of the Deliverable Obligations included in the Asset Amount 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 65th Business Day following the Physical Settlement Date, failing which the Issuer shall give notice to the Securityholders and shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

### **2.9 *Potential conflicts of interest***

#### **(a) *Role of Abbey National Treasury Services plc***

Abbey National Treasury Services plc ("**ANTS**") may be acting in a number of capacities (e.g. Calculation Agent, Issuer and Dealer) in connection with the transactions described in this Information Memorandum. ANTS, acting in such capacities in connection with such transactions, shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its 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. ANTS, in its various capacities in connection with the contemplated transactions, may enter into business dealings, including the acquisition of investment securities as contemplated by its constitutional and other corporate documents, from which it may derive revenues and profits in addition to the fees, if any, stated in its constitutional and other corporate documents, without any duty to account therefor.

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

There is no limitation or restriction on ANTS, or any of its respective Affiliates, with regard to acting as adviser (or in a similar role) to other parties or persons. This and other future activities of ANTS and/or its Affiliates may give rise to additional potential conflicts of interest.

ANTS in its capacity as Issuer and any Dealer may at the date hereof or at any time hereafter, be in possession of information in relation to a Reference Item that is or may be material in the context of the Securities and may or may not be

## ***Risk Factors***

publicly available to Securityholders. There is no obligation on the Issuer or any Dealer to disclose to Securityholders any such information.

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

Where the Securities, or arrangements linked thereto, are offered to the public, as the Dealer(s) and any distributors act pursuant to a mandate granted by the Issuer and they receive fees on the basis of the services performed and the outcome of the placement of the Securities, or arrangements linked thereto, potential conflicts of interest could arise.

(b) ***There may be potential conflicts of interests if intermediaries are appointed in connection with the offer or placement of the Securities***

Given that the intermediaries appointed from time to time as distributors and the other entities acting in connection with the offer or placement of the Securities act in their institutional capacity pursuant to a mandate granted by the Issuer and receive fees on the basis of the placement activity carried out and its outcome, such intermediaries generally act in a situation that may give rise to a potential conflict of interest.

To the extent permitted by applicable law, if any commissions or fees relating to the issue and sale of the Securities have been paid or are payable by the Dealer to an intermediary, then such intermediary may be obliged to fully disclose to its clients the existence, nature and amount of any such commissions or fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such intermediary, including any legislation, regulation and/or rule implementing the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**"), or as otherwise may apply in any non-EEA jurisdictions. Investors in Securities through an intermediary (including by way of introducing broker) should be aware that the existence of commissions that may be payable to such intermediary in respect of the Securities to the extent permitted by applicable law may give rise to conflicts of interest, as an intermediary may be interested in selling to its customers primarily Securities where it receives the highest commissions. Investors should request details of any such commission or fee payment from such intermediary and any potential conflicts of interest before making any purchase of Securities.

2.10 ***Calculation Agent's discretion***

The Calculation Agent (which will likely be ANTS or an affiliate of ANTS) has a very broad discretionary authority to make various determinations and adjustments under the Securities, any of which may have an adverse effect on the value and/or the amounts payable under the Securities. For example, the Calculation Agent has a broad discretion to, without limitation, (i) determine whether a Disrupted Day, Index Adjustment Event, Potential Adjustment Event, Extraordinary Event and/or any other event and/or matters so specified in the Conditions has occurred, (ii) determine any resulting adjustments and calculations as described in the Conditions and (iii) make determinations in respect of any other matters as may be specified in the applicable Pricing Supplement. Prospective purchasers should be aware that any determinations made by the Calculation Agent may have an impact on the value and financial return of the Securities. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest error) shall be binding on the Issuer and all holders of the Securities.

2.11 ***The Conditions of the Securities contain provisions which may permit their modification without the consent of all investors***

The General Terms and Conditions of the N&C Securities and the General Terms and Conditions of the Warrants contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally including, without limitation, modifications of certain provisions of the relevant Securities, Receipts or Coupons or the Agency Agreement (as the case may be). The meetings provisions permit defined majorities (as set out in N&C Securities Condition 16 (Meetings

## ***Risk Factors***

of N&C Securityholders and Modifications) and Warrant Condition 13 (Meetings of Warrantholders and Modifications)) to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The General Terms and Conditions of the N&C Securities and the General Terms and Conditions of the Warrants also provide that the Issuer may, without the consent of Securityholders, agree to:

- (i) certain modifications of the Securities, including:
  - (A) any modification of the provisions of the Securities, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Securityholders; or
  - (B) any modification of any of the provisions of the Conditions, the Securities, the Receipts, the Coupons or the Agency Agreement (as the case may be) which is of a formal, minor or technical nature or is made to correct a manifest or proven error or is made to correct an error, ambiguity or omission such that, in the absence of such correction, the terms of the Securities would not otherwise represent the intended terms of the Securities on which the Securities were sold and have since traded or is to comply with mandatory provisions of applicable law; or
- (ii) the substitution of another company as principal debtor under any Securities in place of the Issuer, in certain circumstances.

### 2.12 ***Potential investors should consider certain legal and tax consequences of investing in the Securities***

#### (a) ***Characterisation of the Securities***

The appropriate characterisation of the Securities under various legal investment restrictions, and thus the ability of potential investors subject to those restrictions to purchase the Securities, may be subject to significant interpretative uncertainties. No representation is made as to the proper characterisation of the Securities for legal investment purposes, or for risk-weighting, securities valuation, regulatory, accounting or other financial institution regulatory regimes of any regulatory body. Potential investors should consult with their own legal advisers in determining whether, and to what extent, the Securities will constitute legal investments for them and the consequences of such an investment.

The Issuer and/or its Affiliates cannot advise on the appropriate accounting treatment or possible tax consequences of an indicative transaction. Prior to purchasing the Securities, a potential investor should discuss with its professional advisers how such purchase would or could affect them. Potential investors with any questions regarding the impact of an investment in the Securities on their tax position should consult their tax adviser. Neither the Issuer nor any of its affiliates provides tax or legal advice.

The Securities will not have the benefit of a gross-up provision in respect of withholding taxes. Securityholders will bear the risk of the imposition of any deduction or withholding with respect to payments made under the Securities.

#### (b) ***Taxation and Expenses***

Potential purchasers and sellers of Securities should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Securities are transferred and/or any assets are delivered. Securityholders are subject to the provisions of the Conditions and payment and/or delivery of any amount due in respect of the Securities will be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

It is not possible to predict whether the tax regime on the basis of which the net values relating to any amount payable to investors pursuant to the Securities applicable as at the date of publication of the specific Pricing Supplement may be amended during the life of the Securities, nor can it be excluded that, in case of amendments, the net values indicated with respect to the Securities may differ, even substantially, from those which will effectively apply to the Securities as at the various payment dates, as indicated in the relevant Pricing Supplement.

## ***Risk Factors***

To that end, the section "*Taxation*" in this Information Memorandum sets out a brief description of the tax regime applicable to the purchase/subscription, ownership or disposal of the Securities for certain categories of investors, based on the tax laws in force in certain jurisdictions as at the date of this Information Memorandum. Such laws remain subject to any changes in law which may occur after such date, and which could be made on a retroactive basis.

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

If Physical Delivery is specified in the applicable Pricing Supplement as applying in relation to any Securities, all expenses arising from the delivery of the relevant Asset Amount or Entitlement (as the case may be and as hereinafter defined) in respect of such Security shall be for the account of the relevant Securityholder and the Issuer is under no obligation to deliver such Asset Amount or Entitlement (as the case may be) until all such expenses have been paid to the satisfaction of the Issuer by the relevant Securityholder. Where such expenses are not paid to the Issuer's satisfaction, the Issuer has the option to proceed with delivery but in so doing has the right to deduct an amount at least equal to the aggregate unpaid expenses from the Asset Amount or Entitlement (as the case may be) to be delivered. The Issuer's delivery obligations in respect of the Securities will be discharged in full by delivery of such reduced Asset Amount or Entitlement less any such deduction.

(c) ***Hiring Incentives to Restore Employment Act Withholding***

The U.S. Hiring Incentives to Restore Employment Act (the "**HIRE Act**") imposes a 30% withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met. While significant aspects of the application of the relevant provisions of the HIRE Act to the Securities are uncertain, if the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation – Hiring Incentives to Restore Employment Act*".

(d) ***Foreign Account Tax Compliance withholding may affect payments on the Securities***

Whilst the Securities are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Securities are discharged once it has paid the clearing systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. Prospective investors should refer to the section "*Taxation – Foreign Account Tax Compliance Act*".

(e) ***Local transfer tax and other taxes***

As of 1 August 2012, pursuant to the French amending finance law for 2012, a financial transaction tax in France was introduced (the "**French Financial Transaction Tax**"). The French Financial Transaction Tax is set to be imposed on certain transactions, referenced to, or in relation with, French listed shares where the relevant issuer's stock market capitalisation exceeds 1 billion Euros. The French Financial Transaction Tax rate is 0.1% of the sale price of the transaction.

## ***Risk Factors***

Similarly, on 24 December 2012, pursuant to paragraphs 491 to 500 of Article 1 of the Italian Law 288, a financial transaction tax in Italy was introduced (the "**Italian Financial Transaction Tax**"). Secondary legislation implementing the Italian Financial Transaction Tax is still to be issued. The Italian Financial Transaction Tax is set to be imposed on certain transactions, referenced to, or in relation with, shares of Italian resident companies. The Italian Financial Transaction Tax rate is between 0.12% and 0.22% of the sale price of the transaction reducing to between 0.2% and 0.1% respectively from 1 January 2014. The return on Securities may be affected by the application of these taxes depending on the Reference Item(s) selected. Investors that are unsure about the implications of such taxes as they relate to the applicable Securities should seek professional advice.

(f) ***The proposed financial transactions tax ("FTT")***

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Securities (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

At this stage, it is too early to say whether the FTT proposals will be adopted and in what form. However, if the FTT is adopted based on the current proposals, then it may operate in a manner giving rise to tax liabilities for the Issuer with respect to certain transactions (for example, with reference to its hedging arrangements, or if physical settlement is applicable to certain types of Securities). The Issuer is, in certain circumstances, able to pass on any such liabilities to holders of the relevant Securities and therefore this may result in investors receiving less than expected in respect of such Securities. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of Securities (including secondary market transactions) if conditions for a charge to arise are satisfied.

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

(g) ***No additional amounts will be payable***

Neither the Issuer nor the Guarantor will pay any additional amounts in connection with any payments to be made under the Securities as a result of any withholding or deduction required by law.

(h) ***Withholding under the EU Savings Directive***

Under the EU Council Directive 2003/48/EC on the taxation of savings income, 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). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

## ***Risk Factors***

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system, and an amount of, or in respect of tax, were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions) nor any other person would be obliged to pay additional amounts with respect to any Security as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

### **2.13 *Legal investment considerations may restrict certain investments***

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

### **2.14 *Hedging***

In connection with the offering of the Securities, the Issuer, the Guarantor and/or any of their affiliates or other parties may enter into one or more hedging transactions with respect to the underlying equities, indices or such other Reference Item to which payments under the Securities are related. In connection with such hedging activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and/or any of their affiliates or other parties, the Issuer, the Guarantor and/or any of its affiliates or other parties may enter into transactions in the Reference Item(s) or related derivatives which may affect the market price, liquidity or value of the Securities and which could be deemed to be adverse to the interest of the relevant Securityholders.

It may not be possible to use the Securities as a perfect hedge against the market risk associated with investing in a Reference Item. Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in a Reference Item should recognise the complexities of utilising Securities in this manner. For example, the value of the Securities may not exactly correlate with the value of the Reference Item. Due to fluctuating supply and demand for the Securities, there is no assurance that their value will correlate with movements of the Reference Item. For these reasons, among others, it may not be possible to purchase or liquidate Securities in a portfolio at the prices used to calculate the value of any Reference Item. Please see also the Risk Factor entitled "*Potential conflicts of interest*" above.

### **2.15 *Postponement or alternative provisions for the valuation of a Reference Item may have an adverse effect on the value of the Securities***

If the Calculation Agent determines that any scheduled valuation date (including an averaging date) (i) falls on a day which is not a Scheduled Trading Day or any other day which is subject to adjustment in accordance with the terms and conditions of the relevant Securities and/or (ii) falls on a day in respect of which a disruption or similar event has occurred and is continuing in respect of the Reference Item which affects the valuation of such Reference Item, the Calculation Agent has broad discretion to make any consequential postponement of, or any alternative provisions for, valuation of such Reference Item provided in the terms and conditions of the Securities, including a determination of the value of such Reference Item by the Calculation Agent in its discretion, each of which may have an adverse effect on the value of the Securities.

### **2.16 *Where N&C Securities are issued on a partly paid basis, an investor who fails to pay any subsequent instalment of the issue price could lose all of his investment***

The Issuer may issue N&C Securities where the issue price is payable in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of his N&C Securities could result in such investor losing some or all of his investment.



## ***Risk Factors***

### **2.17 *N&C Securities issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates***

The market value of N&C Securities issued at a substantial discount (such as Zero Coupon N&C Securities) 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 N&C Securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### **2.18 *Risk of Leveraged Exposure***

Leverage involves the use of a number of financial techniques to increase the exposure to an underlying Reference Item, and can therefore magnify both returns and losses. While the use of leverage allows for potential multiples of a return (assuming a return is achieved) when the underlying Reference Item moves in the anticipated direction, it will conversely magnify losses when the underlying Reference Item moves against expectations. If the relevant Securities include leverage, potential holders of such Securities should note that these Securities will involve a higher level of risk, and that whenever there are losses such losses may be higher than those of a similar security which is not leveraged. Investors should therefore only invest in leveraged Securities if they fully understand the effects of leverage.

### **2.19 *Emerging Markets Risks***

Where the Securities relate to Reference Items associated with, or denominated in the currencies of, emerging market countries, investors should note that the risk of the occurrence of and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries. Emerging markets jurisdictions may be characterised as politically unstable and/or lacking a stable and fully developed economy and financial system and/or lacking in established rule of law. Emerging markets investments generally have greater risks than those from developed jurisdictions including political risk, economic risk, currency risk, market risk, regulatory/legal risk and shareholder risk as further described below:

- *Political risk:* The relative instability of political systems of emerging markets jurisdictions may leave them more vulnerable to public unrest and instability. Such circumstances, in turn, could lead to a reversal of some or all economic or political reform including such policies as confiscatory taxation, exchange controls or expropriation of foreign-owned assets without adequate compensation. Any such policies could have an adverse effect on the value of the Reference Item(s) and, in turn, the relevant Securities.
- *Economic risk:* Businesses and governments of emerging markets jurisdictions may be relatively inexperienced in dealing with difficult market conditions (such as the on-going global recession) and may have a limited capital base from which to borrow funds. In addition, an emerging markets jurisdiction may lack a developed banking sector and its financial institutions may not be adequately regulated. These factors, among other economic issues, could affect the functioning of the economy and have a corresponding adverse effect on the performance of the Reference Item(s) and, in turn, the relevant Securities.
- *Currency risk:* Reference Item(s) or Securities denominated in the currencies of emerging markets jurisdictions may be subject to greater volatility and possibly the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. See "*Currency Risk*" above.
- *Market risk:* The financial systems and markets of emerging markets jurisdictions may lack the level of transparency and liquidity found in more developed markets. As a result, such markets may suffer from extreme price volatility, price discrepancies and lack of liquidity. Any such circumstances or events may have an adverse effect on the performance of the Reference Item(s) and, in turn, the relevant Securities.
- *Regulatory/Legal risk:* In emerging markets jurisdictions there may be less government regulation of business and industry practices, stock exchanges, over-the-counter markets and market participants than in more developed countries. Legislation to safeguard the rights of private ownership and to prevent stock market manipulation may not be fully developed and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and may be subject to change with

## ***Risk Factors***

retroactive effect. The holder of a Reference Item of an emerging markets jurisdiction may not be able to pursue legal remedies in the courts of such jurisdictions. Any such circumstances or events may have an adverse effect on the performance of the Reference Item(s) and, in turn, the relevant Securities.

### **2.20 *Discontinuation or withdrawal of offer period***

Unless otherwise specified in the applicable Pricing Supplement, the offer period in relation to any Securities may be discontinued at any time.

In addition under certain circumstances indicated in the applicable Pricing Supplement, the Issuer and/or the other entities indicated in the Pricing Supplement will have the right to withdraw or revoke the offer, and the offer will be deemed to be null and void according to the terms indicated in the applicable Pricing Supplement. In such case, any amounts segregated by a distributor or financial intermediary as intended payment of the offer price by an investor will be released to the relevant investor by the distributor or financial intermediary but may or may not accrue interest depending on the agreements between the investor and the relevant distributor or financial intermediary or depending on the policies applied by the distributor or financial intermediary in this regard. In these circumstances, there may also be a time lag in the release of any such amounts and, unless otherwise agreed with the relevant distributor or financial intermediary, no amount will be payable as compensation and the investor may be subject to reinvestment risk.

Unless otherwise provided in the applicable Pricing Supplement, the Issuer and/or the other entities specified in the applicable Pricing Supplement may terminate the offer early by immediate suspension of the acceptance of further subscription requests. Any such termination may occur even where the maximum amount for subscription in relation to that offer (as specified in the applicable Pricing Supplement), has not been reached. In such circumstances, the early closing of the offer may have an impact on the aggregate number of Securities issued and, therefore, may have an adverse effect on the liquidity of the Securities.

Furthermore, under certain circumstances, the Issuer and/or the other entities indicated in the applicable Pricing Supplement will have the right to postpone the originally designated Issue Date. In the event that the issue date is so delayed, no compensation or amount in respect of interest shall be payable or otherwise accrue in relation to such Securities unless otherwise agreed between the investor and the relevant distributor or the policies of the distributor or financial intermediary so provide.

### **2.21 *Over-issuance of Securities by the Issuer***

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

### **2.22 *Post-issuance information***

Unless otherwise specified in the applicable Pricing Supplement and save as required by any applicable laws and regulations, the Issuer will not provide post-issuance information in relation to the Securities or the Reference Item.

### **2.23 *Risks relating to Inventory Securities which have been issued prior to the date of their purchase***

In the case of Securities which have been issued prior to the date of their purchase and which the Dealer has been holding from time to time on its own account ("**Inventory Securities**"), the disclosure in relation to the Reference Item(s) to which the relevant Inventory Securities may be linked as set forth in the Pricing Supplement will have been extracted by the Issuer from publicly available sources but will not have been prepared by, or on behalf of, and will not have been verified by, or on behalf of, the Issuer, the Guarantor (if applicable), the Dealer or any other member of the Santander Group, each of which will have disclaimed any responsibility for such information. Such information may be out of date and none of the Issuer, the Guarantor, the Dealer or any other member of the Santander Group shall provide any updated information in relation to the Reference Item(s). If there has been any change in the Reference Item(s) since the date of the Pricing

## ***Risk Factors***

Supplement, this may have an adverse effect on the pay-out and/or value of the relevant Inventory Securities. Furthermore, any change in the situation or condition of the Issuer and/or the Guarantor (if applicable) since the date of the Pricing Supplement will not be disclosed and may have an adverse effect on the value of the relevant Inventory Securities.

### ***2.24 If the United Kingdom joins the European Monetary Union prior to the maturity of the Securities, the Issuer and the Guarantor cannot assure the Securityholders that this would not adversely affect payments on the Securities***

It is possible that prior to the termination of the Securities the United Kingdom may become a participating member state in the European economic and monetary union and the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Securities denominated in pounds sterling may become payable in euro; (ii) applicable provisions of law may allow or require the Issuer to re-denominate such Securities into euro and take additional measures in respect of such Securities; and (iii) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in pounds sterling used to determine the rates of interest on such securities or changes in the way those rates are calculated, quoted and published or displayed. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom would have on investors in the Securities.

Provisions relating to any such redenomination of the Securities are included in N&C Security Condition 17 (Redenomination) and Warrant Condition 15 (Redenomination). Prospective investors should familiarise themselves with these provisions and should note in particular that these provisions permit the Issuer to redominate the Securities in euro without the consent of any Securityholders, Receiptholders or Couponholders. Such redenomination may be performed in accordance with the provisions of N&C Security Condition 17 (Redenomination) or Warrant Condition 15 (Redenomination), as applicable or, if different, the then prevailing market practice for redenomination in euro of internationally offered securities. Prospective investors should note further that the provisions of N&C Security Condition 17 (Redenomination) provide that, in the event of any such redenomination, all unmatured Coupons (whether or not attached to the Securities) and the payment obligations contained in any Securities and Receipts, in each case, issued prior to the date of the redenomination and denominated in the Specified Currency of the Securities will become void and such Securities, Receipts and Coupons will instead constitute valid exchange obligations of the Issuer for exchange for corresponding new euro-denominated Securities, Receipts and Coupons.

### ***2.25 If an investor holds Securities which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Securities could result in an investor not receiving payments on those Securities***

The Issuer will pay principal, interest and other amounts on the Securities and the Guarantor will make any payments under the Guarantee in the Specified Currency. 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 Securities, (2) the Investor's Currency equivalent value of the principal payable on the Securities, and (3) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payments in respect of the Securities. As a result, investors may receive less interest or principal or settlement amount than expected, or no interest or principal or settlement amount.

### ***2.26 The Issuer and the Guarantor may rely on third parties and the Securityholders may be adversely affected if such third parties fail to perform their obligations***

The Issuer and the Guarantor may be a party to contracts with a number of other third parties that have agreed to perform services in relation to the Securities. For example, the Paying Agents and Warrant Agents have agreed to perform services

## ***Risk Factors***

in connection with the Securities; and Euroclear and Clearstream, Luxembourg have, in respect of Securities in global form deposited with them ("**Global Securities**"), agreed, *inter alia*, to accept such Global Securities as eligible for settlement and to properly service the same, and to maintain up-to-date records in respect of the total amount or number outstanding of such Global Securities. In the event that any relevant third party was to fail to perform its obligations under the respective agreements to which it is a party, the Securityholders may be adversely affected.

### **2.27 *The Issuer and the Guarantor may be prohibited from physically delivering bearer Securities***

The Issuer and the Guarantor may be prohibited from physically delivering definitive Securities in bearer form by the laws of a Securityholder's jurisdiction. In these circumstances, any definitive Security in bearer form, may be delivered to a nominated custodian in a jurisdiction where such prohibition does not exist. For further guidance on restrictions on physical delivery of Securities, investors should seek professional advice.

### **2.28 *The Securities may have a Minimum Tradable Size***

Prospective investors should be aware that for any Security which has a Minimum Tradable Size specified in the applicable Pricing Supplement and a minimum Specified Denomination of a smaller amount, it is possible that such Securities may only be traded in a nominal amount, for a consideration or in the number, as the case may be, that is at least equal to the Minimum Tradable Size. In such a case, a holder who holds a nominal amount or number of Securities or wishes to transfer a nominal amount or number of Securities which is less than the Minimum Tradable Size will be unable to sell or transfer such holding. If a holder holds a nominal amount or number of Securities that is less than the Minimum Tradable Size, in order for such holder to sell or transfer its holding of Securities such holder would first need to purchase such additional identical Securities such that it is in a position to sell or transfer a total nominal amount or number, as the case may be, of Securities at least equal to the Minimum Tradable Size. Investors should be aware that it may not always be possible to purchase such additional Securities and as such they may be unable to sell or transfer any such holding.

If N&C Securities which have a Minimum Tradable Size are in definitive form, holders should be aware that definitive N&C Securities with a denomination that is less than the Minimum Tradable Size may be illiquid or difficult to trade.

## **3. *Risks associated with the N&C Securities***

### **3.1 *Settlement risks and risk of capital loss***

The Issuer may (as specified in the applicable Pricing Supplement) be entitled to redeem N&C Securities either by payment of a cash amount ("**Cash-Settled N&C Securities**") and/or by physical delivery of all or part of a Reference Item or some other asset or property ("**Relevant Asset**") ("**Physically-Settled N&C Securities**"). In certain circumstances, the cash amount payable on Cash-Settled N&C Securities, or the value of assets or property deliverable on Physically-Settled N&C Securities, on redemption of such N&C Securities (whether at maturity or otherwise) may be less than the principal amount of the N&C Securities together with any accrued interest and may in certain circumstances be zero. In addition, in respect of any Physically-Settled N&C Securities, risk of delivery of the relevant asset or property will be the risk of the Securityholders and where any settlement disruption or other intervening event occurs this may mean that physical settlement cannot be made.

### **3.2 *The inclusion of an Issuer call option in respect of Securities will generally mean that (a) the holder will not be able to participate in any future upside performance of the underlying Reference Item(s) following the effective date of the Issuer call option, (b) the market value of the Securities may be limited and (c) if the call option is exercised, the holder may not be able to reinvest the proceeds at an effective interest rate as high as any interest rate on the Securities***

If the applicable Pricing Supplement specifies that the N&C Securities are redeemable at the option of the Issuer, the Issuer may redeem such N&C Securities at times when the prevailing interest rates may be relatively low. As a consequence, the yields (if any) received upon redemption may be lower than expected, and the redeemed face amount of the N&C Securities may be lower than the purchase price for the N&C Securities paid by the Securityholder. As a consequence, part of the capital invested by the N&C Securityholder may be lost, so that the Securityholder in such case would not receive the total amount of the capital invested. Accordingly, an investor generally will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate, if applicable, as high as that of the N&C Securities.

## ***Risk Factors***

Furthermore, during any period when the Issuer may elect to redeem the N&C Securities, the market value of those N&C Securities generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

N&C Securities may also be redeemed early at the applicable Early Redemption Amount where an early redemption event is provided for in the relevant Pricing Supplement. The Early Redemption Amount in respect of each N&C Security may be less than the nominal amount or unit issue price of each N&C Security and shall (unless otherwise specified in the applicable Pricing Supplement) be an amount determined by the Calculation Agent as representing the fair market value of such N&C Securities ignoring the circumstances leading to such early redemption, adjusted to account fully for any reasonable expenses and costs of unwinding any underlying and/or related hedging and funding arrangements (including, without limitation, any equity options, equity swaps or other instruments of any type whatsoever hedging the Issuer's obligations under the N&C Securities). Following any such early redemptions, an investor generally would not be able to reinvest the redemption proceeds at any effective interest rate as high as the interest rate on the relevant N&C Securities 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. Moreover, each interest-bearing N&C Security may cease to bear interest from the interest payment date immediately preceding the date of occurrence of the event giving rise to early redemption of the N&C Securities.

### **3.3 *The yield to maturity of the N&C Securities may be adversely affected by redemptions by the Issuer***

The yield to maturity of each series of N&C Securities may depend on: (i) the amount and timing of the repayment of principal or other redemption amounts on the N&C Securities or periodic payments, if any, on the N&C Securities; and (ii) the price paid by the Securityholders of each series. The yield to maturity of the N&C Securities may be adversely affected where such amounts paid by the Issuer to the Securityholders, in accordance with their terms, are lower than anticipated.

### **3.4 *The N&C Securities may be redeemed early if the Issuer's performance under such N&C Securities has become unlawful or impractical in whole or in part for any reason or if certain regulatory event(s) occur, or in certain other circumstances***

In the event that the Calculation Agent determines that the performance of the obligations of the Issuer, or the obligations of the Guarantor under the N&C Securities, or any arrangements made to hedge the Issuer's obligations under the N&C Securities, has or will become unlawful, illegal or otherwise prohibited in whole or in part or a relevant change in any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power (but, if not having the force of law, only if compliance with it is in accordance with the general practice of persons to whom it is intended to apply), or in the interpretation thereof, has occurred or certain other events specified in the relevant Annex (have occurred) the Issuer may redeem or cancel the N&C Securities as at the Early Redemption Amount specified in the applicable Pricing Supplement.

### **3.5 *Time Lag After Redemption***

Unless otherwise specified in the relevant Pricing Supplement, in the case of N&C Securities which the Issuer is required to redeem prior to the Maturity Date at the option of the Securityholder, there will be a time lag between the time a Securityholder gives the instruction to redeem and the time the applicable Optional Redemption Amount is determined by the Calculation Agent. Such time lag could be significantly longer, however, particularly in the case of a delay in the redemption of N&C Securities due to there being a limit on the maximum number of N&C Securities redeemable on any one day, following the imposition of any exchange controls or similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies), or following a determination by the Issuer, or the Calculation Agent, as applicable, that there should be a change or changes to the calculation of the Optional Redemption Amount, or to the terms of the N&C Securities. The applicable Optional Redemption Amount may change significantly during any such period, and such movement or movements could decrease the Optional Redemption Amount, and may result in a Securityholder not realising a return or making a greater loss than would otherwise be the case on an investment in the N&C Securities.

## ***Risk Factors***

### ***3.6 Euro-system Eligibility in relation to N&C Securities***

The European Central Bank maintains and publishes a list of assets which are recognised as eligible collateral for Eurosystem monetary and intra-day credit operations. In certain circumstances, recognition may impact on (among other things) the liquidity of the reference items. Recognition (and inclusion on the list) is at the discretion of the Eurosystem and is dependent upon satisfaction of certain Eurosystem eligibility criteria and rules. If application is made to the European Control Board for any N&C Securities to be recognised and added to the list of eligible assets, there can be no assurance that such N&C Securities will be so recognised, or, if they are recognised, that they will continue to be recognised at all times during their life. None of the Issuer, any Dealer, the Book-Entry Depositary or any agent makes any representation or warranty as to the eligibility of any Security for the Eurosystem.

### ***3.7 Investors who purchase N&C Securities in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive N&C Securities are subsequently required to be issued***

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

If such N&C Securities in definitive form are issued, holders should be aware that definitive N&C Securities which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### ***3.8 Certain Considerations relating to Book-Entry Interests***

Until and unless definitive N&C Securities in registered form are issued in exchange for the N&C Securities, holders of the Book-Entry Interests will not be considered the owners or holders of N&C Securities with regard to payment. To the extent the N&C Securities are issued in the form of Immobilised Bearer Global N&C Securities, the Book-Entry Depositary or its nominee will be the sole holder of such N&C Securities. The Issuer, the Principal Paying Agent and the Registrar will treat the bearer of the Immobilised Bearer Global N&C Securities as the owner thereof for the purposes of receiving payments and for all other purposes. Upon receipt of amounts owing in respect of the Immobilised Bearer Global N&C Securities, the Book-Entry Depositary will pay the amounts so received to the relevant clearing system(s) for onward payment to applicable owners of Book-Entry Interests in accordance with their procedures. Accordingly, holders of a Book-Entry Interest must rely on the procedures of the relevant clearing system(s) to exercise any rights and remedies of a Securityholder under the Securities.

### ***3.9 Limitations on ownership of Book-Entry Interests***

Ownership of European Book-Entry Interests will be limited to persons with an account with Euroclear and/or Clearstream, Luxembourg or persons who may hold interests through such participants. European Book-Entry Interests will be shown on, and transfers thereof will be affected only through records maintained in book-entry form by Euroclear and/or Clearstream, Luxembourg and their participants.

Ownership of U.S. Book-Entry Interests will be limited to persons who have an account with DTC, including Euroclear and/or Clearstream, Luxembourg, or persons who may hold interests through such participants. U.S. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC and its participants.

The Book-Entry Interests will not be held in definitive form. Instead, DTC, Euroclear and/or Clearstream, Luxembourg (as applicable) will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. Limitations on ownership of Book-Entry Interests may impair the ability to own, transfer or pledge Book-Entry Interests.

## ***Risk Factors***

In addition, while the Immobilised Bearer N&C Securities are in global form, holders of Book-Entry Interests will not be considered the owners or Securityholders of such N&C Securities for any purpose.

### **3.10 *CDI Record Date***

Whenever the Book-Entry Depository shall receive notice of any action to be taken by it as holder of an Immobilised Bearer Global N&C Security and the Issuer deems it appropriate, including in respect of any payment to be made in respect of an Immobilised Bearer Global N&C Security, the Issuer shall determine and notify the Book-Entry Depository of a record date (each a "**Record Date**") for the determination of the number of units or principal amount represented by the corresponding CDI. Subject to the provisions of the N&C Securities Depository Agreement, only the holder in whose name the relevant CDIs are recorded in the Register at the close of business on the relevant Record Date shall be entitled to (i) receive any such payment, (ii) give instructions as to any such action or (iii) act in respect of any such matter, as the case may be.

### **3.11 *CREST Depository Interests***

Investors who hold interests in the N&C Securities through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) ("**CREST**") through CREST Depository Interests will not be the legal owners of the N&C Securities (the "**Underlying Securities**") to which such CREST Depository Interests relate. CREST Depository Interests are separate legal instruments from the Underlying Securities and represent indirect interests in the interests of the CREST Nominee (as defined below) in such Underlying Securities. CREST Depository Interests will be issued by the CREST Depository to investors and will be governed by English law.

The Underlying Securities (as distinct from the CREST Depository Interests representing indirect interests in such Underlying Securities) will be held in an account with a custodian. The custodian will hold the Underlying Securities through the relevant Clearance System. Rights in the Underlying Securities will be held through custodial and depository links through the relevant Clearance System. The legal title to the Underlying Securities or to interests in the Underlying Securities will depend on the rules of the relevant Clearance System in or through which the Underlying Securities are held.

CREST International Nominees Limited or another entity appointed to act as nominee in accordance with the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual (as defined below))) (the "**CREST Deed Poll**") (the "**CREST Nominee**"), will hold the legal title to the Underlying Securities and the direct enforcement right in respect of the Underlying Securities. This could result in a holder of CREST Depository Interests receiving less than, or none of, the full amount payable in respect of the Underlying Securities in the event of any insolvency or liquidation of any relevant intermediary, in particular where the Underlying Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

Rights in respect of the Underlying Securities cannot be enforced by holders of CREST Depository Interests except indirectly through CREST Depository Limited or any successor thereto (the "**CREST Depository**") and the CREST Nominee who in turn can enforce rights indirectly through the intermediary depositories and custodians described above. The enforcement of rights in respect of the Underlying Securities will therefore be subject to the local law of the relevant intermediary.

These arrangements could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Securities in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

If a matter arises that requires a vote of Securityholders, the Issuer (or the Guarantor, as the case may be) may make arrangements to permit the holders of Crest Depository Interests to instruct the CREST Depository to exercise the voting rights of the CREST Nominee in respect of the Underlying Securities. However, there is no guarantee that it will be possible to put such voting arrangements in place for holders of CREST Depository Interests.

## ***Risk Factors***

Holders of CREST Depository Interests will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST International Manual (April 2008) issued by CREST and as amended, modified, varied or supplemented from time to time (the "**CREST Manual**") and the CREST Rules (contained in the CREST Manual) applicable to the CREST International Settlement Links Service. Holders of CREST Depository Interests must comply in full with all obligations imposed on them by such provisions.

Investors in CREST Depository Interests should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by holders of CREST Depository Interests and limitations on the liability of the CREST Depository as issuer of the CREST Depository Interests. Holders of CREST Depository Interests may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them and the rights of and returns received by holders of CREST Depository Interests may differ from those of holders of Securities which are not represented by CREST Depository Interests.

Investors in CREST Depository Interests should note that holders of CREST Depository Interests may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Underlying Securities through the CREST International Settlement Links Service.

Investors in CREST Depository Interests should note that none of the Issuer, the Guarantor, any Dealer or any Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders acting in connection with CREST Depository Interests or for the respective obligations of such intermediaries, participants or accountholders under the rules and procedures governing their operations.

3.12 ***The value of Fixed Rate N&C Securities may be adversely affected by movements in market interest rates***

Investment in Fixed Rate N&C Securities involves the risk that if the market interest rates subsequently increase above the rate paid on the Fixed Rate N&C Securities, this will adversely affect the value of the Fixed Rate N&C Securities.

3.13 ***N&C Securities which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities***

N&C Securities with floating 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 value may be more volatile than those for securities that do not include these features. An investor may receive substantially less or no interest at all on such Floating Rate N&C Securities.

3.14 ***If the Issuer has the right to convert the interest rate on any N&C Securities from a fixed rate to a floating rate, or vice versa, this may affect the secondary market value of the N&C Securities concerned***

Fixed/Floating Rate N&C Securities are N&C Securities which may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the N&C Securities 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, the spread on the Fixed/Floating Rate N&C Securities may be less favourable than the then prevailing spreads on comparable floating rate notes relating to the same reference rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other N&C Securities. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing market rates.



## ***Risk Factors***

### **3.15 *Inverse Floating Rate N&C Securities will have more volatile market values than conventional Floating Rate N&C Securities***

Inverse Floating Rate N&C Securities may 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 value of Inverse Floating Rate N&C Securities typically is more volatile than the market value of other more conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate N&C Securities are more volatile because an increase in the reference rate not only decreases the interest rate payable on the N&C Securities, but may also reflect an increase in prevailing interest rates, which may further adversely affect the market value of the N&C Securities.

## **4. Risks associated with the Warrants**

### **4.1 *Settlement risks and risk of capital loss***

The Issuer may (as specified in the applicable Pricing Supplement) be entitled to settle Warrants either by payment of a cash amount ("**Cash-Settled Warrants**") and/or by physical delivery of all or part of a Reference Item or some other asset or property ("**Relevant Asset**") ("**Physically-Settled Warrants**"). In certain circumstances, the cash settlement amount payable on Cash-Settled Warrants, or the value of assets or property deliverable on Physically-Settled Warrants, on settlement of such Warrants (whether at expiration or otherwise) may be less than the initial amount invested and may in certain circumstances be zero. In addition, in respect of any Physically-Settled Warrants, risk of delivery of the relevant asset or property will be the risk of the Warrantholders and where any settlement disruption or other intervening event occurs this may mean that physical settlement cannot be made.

### **4.2 *The Warrants may be cancelled early if the Issuer's performance under such Warrants has become unlawful or impractical in whole or in part for any reason or if certain regulatory event(s) occur, or in certain other circumstances***

In the event that the Calculation Agent determines that the performance of the obligations of the Issuer, or the obligations of the Guarantor under the Warrants, or any arrangements made to hedge the Issuer's obligations under the Warrants, has or will become unlawful, illegal or otherwise prohibited in whole or in part or a relevant change in any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power (but, if not having the force of law, only if compliance with it is in accordance with the general practice of persons to whom it is intended to apply), or in the interpretation thereof, has occurred or certain other events specified in the relevant Annex, have occurred, the Issuer may settle or cancel the Warrants as at the Issuer Early Cancellation Amount specified in the applicable Pricing Supplement.

### **4.3 *Certain Factors Affecting the Value and Trading Price of Warrants***

The Cash Settlement Amount (in the case of Cash Settled Warrants) or the difference in the value of the Entitlement and the Exercise Price (the "**Physical Settlement Value**") (in the case of Physical Delivery Warrants) at any time prior to expiration is typically expected to be different from the trading price of such Warrants at that time. The difference between the trading price and the Cash Settlement Amount or the Physical Settlement Value, as the case may be, will reflect, among other things, the "time value" of the Warrants. The "time value" of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the Reference Item. Warrants offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Warrants varies with the price level of the Reference Item, as well as by a number of other interrelated factors, including those specified herein.

Before exercising or selling Warrants, Warrantholders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the Reference Item, (iii) the time remaining to expiration, (iv) in the case of Cash Settled Warrants, the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the reference index (or basket of indices), share currency (or basket of currencies), or other asset or basis of reference as specified in the applicable Pricing Supplement and (viii) any related transaction costs.

## ***Risk Factors***

In addition, in the event that a Warrantholder does not deliver a valid Exercise Notice, in the case of Warrants other than Automatic Exercise Warrants, or an Asset Transfer Notice, in the case of Automatic Exercise Warrants, as contemplated in the Warrant Conditions, the Issuer may, but is not required to, elect to deliver to the relevant Clearance System(s) the aggregate Entitlement in respect of such Warrants, to be divided between and delivered to the relevant Warrantholders by the relevant Clearance System(s) in accordance with the rules of the relevant Clearance System(s) but no assurance is given as to the effect of such rules or other Clearance System practices for any such Warrantholders.

### **4.4 *Delivery of Exercise Notice***

If Automatic Exercise is not specified to be applicable in the applicable Pricing Supplement, unless an Exercise Notice has been delivered in accordance with the Warrant Conditions on or prior to the Expiration Date, the Warrants shall become void and the Issuer shall be discharged from its obligations to pay any Cash Settlement Amount or deliver any Entitlement under the Warrants. In such a case, a Warrantholder will not have any further recourse against the Issuer.

In addition, in respect of Physical Delivery Warrants where Automatic Exercise is specified to be applicable in the applicable Pricing Supplement, if no Asset Transfer Notice is delivered in accordance with the Warrant Conditions on or prior to the Expiration Date, the Conditions provide that in circumstances where the Assessed Value Payment Amount (as specified in the applicable Pricing Supplement) is greater than zero, the Warrants will be automatically exercised.

### **4.5 *Early Cancellation at the Option of the Issuer***

If Issuer Early Cancellation is specified to be applicable in the applicable Pricing Supplement, the Issuer may at its option cancel all the Warrants at the Issuer Early Cancellation Amount. In such a case, Warrantholders will not be able to exercise their Warrants on any Exercise Date occurring after such early cancellation of the Warrants. As a result, if the Reference Item performs positively after such early cancellation, Warrantholders will not be able to benefit from such positive performance.

### **4.6 *Early Exercise of Warrants***

Certain Warrants may be specified to become automatically exercised on the occurrence of certain events, including, without limitation, if the Settlement Price during a certain period is lower or greater than a specified level. In such a case, Warrants will be exercised earlier than anticipated.

### **4.7 *For Warrants that are not automatically exercised, Warrantholders must exercise Warrants or risk loss of investment***

Where the Conditions provide that the Warrants must be exercised in order for the purchasers of the Warrants to receive any settlement amount in respect of such Warrants, and the Warrants are not designated as "Automatic Exercise Warrants", the Warrantholders must exercise their rights to receive payment in accordance with the Conditions and the requirements of the relevant clearing systems or the relevant Paying Agent, as applicable. Otherwise they will not receive the settlement amount (if any).

### **4.8 *Warrant holders cannot exercise "European Style Warrants" during their term***

"European Style Warrants" are only exercisable on the Exercise Date and cannot be exercised during their term. Consequently, the date on which the settlement amount is calculated is predetermined in the Warrant Conditions and such Warrants cannot be exercised by the Warrantholder on any other day during the term of the Warrants.

### **4.9 *Market Disruption Event and Disrupted Day***

If an issue of Warrants includes provisions dealing with the occurrence of a market disruption event or a failure to open of an exchange or related exchange on a Valuation Date or an Averaging Date and the Calculation Agent determines that a market disruption event or such failure has occurred or exists on a Valuation Date or an Averaging Date, any consequential postponement of the Valuation Date or Averaging Date or any alternative provisions for valuation provided in any Warrants may have an adverse effect on the value of such Warrants.

## ***Risk Factors***

### **4.10 *Settlement Disruption Event***

In the case of Physical Settlement Warrants, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement will be postponed until the next Settlement Business Day on which no Settlement Disruption Event occurs. The Issuer in these circumstances also has the right to pay the Disruption Cash Settlement Price (as defined in the Conditions) in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Warrants.

### **4.11 *Exercise Expenses and Taxation***

A holder of Warrants must pay all Exercise Expenses (as defined in Warrant Condition 5, below) relating to the Warrants.

Neither the Issuer nor the Guarantor shall 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, exercise or enforcement of any Warrant and all payments made by the Issuer or the Guarantor will be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid withheld or deducted.

### **4.12 *Limitations on Exercise***

If so indicated in the Pricing Supplement, the Issuer will have the option to limit the number of Warrants exercisable on any date (other than the Expiration Date) to the maximum number specified in the Pricing Supplement and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Warrants being exercised on any date (other than the Expiration Date) exceeds such maximum number and the Issuer elects to limit the number of Warrants exercisable on such date, a Warrantholder may not be able to exercise on such date all Warrants that such holder desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected at the discretion of the Issuer or in any other manner specified in the applicable Pricing Supplement. Unless otherwise specified in the Pricing Supplement, the Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

### **4.13 *Time Lag after Exercise***

Unless otherwise specified in the Pricing Supplement, in the case of any exercise of Warrants, there will be a time lag between the time a Warrantholder gives instructions to exercise and the time the applicable Cash Settlement Amount (in the case of Cash Settled Warrants) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the applicable Pricing Supplement or the applicable Terms and Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of Warrants arising from any daily maximum exercise limitation, the occurrence of a market disruption event or failure to open when scheduled of an exchange or related exchange (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Currency Linked Warrants. The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the Warrants being exercised and may result in such Cash Settlement Amount being zero.

### **4.14 *Minimum Exercise Amount and Units***

If so indicated in the Pricing Supplement, a Warrantholder must tender a specified minimum number of Warrants at any one time in order to exercise Warrants. Thus, Warrantholders with fewer than the specified minimum number of Warrants will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Cash Settlement Amount (in the case of Cash Settled Warrants) or the Physical Settlement Value (in the case of Physical Delivery Warrants) of such Warrants.

## ***Risk Factors***

### **4.15 *Option to Vary Settlement***

If the applicable Pricing Supplement in respect of any Warrants indicates that the Issuer has an option to vary settlement in respect of such Warrants, the Issuer may, at its sole and unfettered discretion, elect (i) not to pay the relevant Warrantholders the Cash Settlement Amount, but to deliver or procure delivery of the Entitlement or (ii) not to deliver or procure delivery of the Entitlement, but to make payment of the Cash Settlement Amount on the Settlement Date to the relevant Warrantholders.

In addition, in the event that the Issuer fails to deliver any Entitlement, the Guarantor may in its sole discretion elect to pay the Guaranteed Cash Settlement Amount in lieu of delivery.

### **4.16 *The value of the Warrants could be adversely affected by a change in English law or administrative practice***

The Conditions are based on English law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Information Memorandum and any such change could materially adversely impact the value of any Securities affected by it.

### **4.17 *Taxation***

Potential purchasers and sellers of Warrants should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Warrants are transferred and/or any asset(s) are delivered.

### **4.18 *Warrants with smaller Multiple Tradeable Size than Minimum Tradeable Size***

In relation to any issue of Warrants which have a Multiple Tradeable Size that is smaller than a Minimum Tradeable Size, in each case expressed in Units, it is possible that such Warrants may be traded in amounts that are not integral multiples of the applicable Minimum Tradeable Size. In such a case, a holder who, as a result of trading such amounts, holds an amount of Warrants that is less than the Minimum Tradeable Size in his account with the relevant clearing system at the relevant time, may not on-sell the Warrants in respect of such holding and would need to purchase further Warrants such that its holding amounts to a Minimum Tradeable Size.

## **5. *Risks associated with Securities that are linked to one or more Reference Item(s)***

### **5.1 *General considerations with respect to underlying Reference Items***

The Securities may involve a high degree of risk, which include, among others, interest rate, corporate, market, foreign exchange, time value and/or political risks, as well as other risks arising from fluctuations in the values of the relevant securities (or basket of securities), index (or basket of indices), commodity (or commodity index) or other underlying assets (each a "**Reference Item**") which may be specified in the applicable Pricing Supplement, and general risks applicable to the stock market (or markets) and capital markets. Securities which are linked to the performance of the Reference Item may not provide for predetermined redemption amounts, settlement amounts and/or interest payments, but amounts payable (whether in respect of principal and/or interest or otherwise) or deliverable will be dependent upon the performance of the Reference Item(s), which itself may contain substantial risks. If the performance of the Reference Item(s) is not in accordance with an investor's expectations this could result in an investor receiving no return and losing the capital that they have invested.

**Prospective purchasers of N&C Securities should recognise that their N&C Securities, other than N&C Securities having a minimum redemption amount (subject to comments above as to Issuer and Guarantor solvency and deduction of taxes and expenses), may be worthless on redemption. Purchasers should be prepared to sustain a total loss of the purchase price of their N&C Securities, except, if so indicated in the applicable Pricing Supplement, to the extent of any minimum redemption attributable to such N&C Securities (again, subject to comments above). This risk reflects the nature of the N&C Securities as an asset which, other factors held constant, tends to decline in**

## ***Risk Factors***

**value over time and which may become worthless when it is redeemed (except to the extent of any minimum redemption amount subject to adjustments above).**

N&C Securities that are linked to a Reference Item and/or the obligations of a Reference Entity may be principal (or capital) protected or non-principal (or capital) protected. Investors in N&C Securities which are not principal (or capital) protected or in Warrants may risk losing their entire investment (including the loss of any transaction costs paid by the investor) if the value of the Reference Item and/or obligation of a Reference Entity does not move in the anticipated direction. If the N&C Securities are specified in the applicable Pricing Supplement as having a minimum redemption amount, such N&C Securities are principal (or capital) protected at maturity only and only to such extent. If Securities are redeemed or sold before their scheduled maturity or expiration, they may return less than the minimum redemption amount, the amount invested or even zero. In addition amounts payable may be subject to deductions for taxes or expenses.

Investors should note that certain Securities linked to the performance of the Reference Items may not benefit from a minimum redemption amount or minimum cash settlement amount and investors may receive less than the initial investment amount of the Securities and investors are exposed to the full loss of their investment (including the loss of any transaction costs paid by the investor).

**PROSPECTIVE INVESTORS SHOULD NOTE THAT "PRINCIPAL PROTECTION" AND "CAPITAL PROTECTION" FEATURES REMAIN CONTINGENT ON THE ISSUER AND/OR THE GUARANTOR'S ABILITY TO MEET ITS OBLIGATIONS IN FULL. WHERE THE ISSUER AND/OR THE GUARANTOR IS UNABLE TO DO THIS, AN INVESTOR IN A "PRINCIPAL PROTECTED" N&C SECURITY OR A "CAPITAL PROTECTED" N&C SECURITY, WILL NOT RECEIVE BACK ALL OF THE AMOUNT INVESTED IN THE SECURITY AND MAY LOSE ALL OF THEIR INVESTMENT.**

**Prospective purchasers of Warrants should recognise that their Warrants may expire worthless and should be prepared to sustain a total loss of the purchase price of their Warrants.**

Investments in Securities linked to the performance of a Reference Item entail significant risks and may not be appropriate for investors lacking financial expertise. Prospective investors should consult their own financial, tax and legal advisors as to the risks entailed by an investment in such Securities and the suitability of such Securities in light of their particular circumstances and ensure that their acquisition is fully consistent with their financial needs and investment policies, is lawful under the laws of the jurisdiction of their incorporation and/or in which they operate, and is a suitable investment for them to make. The Issuer believes that such Securities should only be purchased by investors that are in a position to understand the special risks that an investment in these instruments involves, in particular relating to options and derivatives and related transactions, and should be prepared to sustain a total loss of the purchase price of their Securities.

In order to realise a return upon an investment in a Security, it may be necessary that an investor must have correctly anticipated the timing and magnitude of an anticipated increase or the absence of a decrease in the value of the Reference Item(s) relative to the Issue Price, and must also be correct about when any change will occur. If the value of the Reference Item(s) does not increase, or decreases, as the case may be, before such Security is redeemed or settled, part of the investor's investment in such Security may be lost on such redemption or settlement. Other than in respect of N&C Securities which are redeemable prior to the Maturity Date at the option of the Securityholder or Bermudan Style or American Style Warrants, it is likely that the only means by which a Securityholder can realise value from its Securities prior to their Maturity Date or fixed Exercise Date is to sell such Securities at their then market price in the secondary market (if available) (see "*The Issuer and the Guarantor cannot assure a trading market for the Securities will ever develop or be maintained*" above). Assuming all other factors are held constant, the more a Warrant is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment.

Furthermore, the value of the Reference Item(s) may be observed for valuation purposes at a particular time(s) on a particular day(s). Markets in Reference Items may move significantly in very short periods of time. As such prospective purchasers should be aware that the value observed for the Reference Item may not reflect the value of the Reference Item which has prevailed at other times on the relevant valuation day or in the period immediately preceding such day. For example, this may occur if the valuation time falls at any time during a "Flash Crash", similar in nature to that which

## ***Risk Factors***

occurred on the New York Stock Exchange on 6 May 2010, in which the relevant market moves significantly downwards before subsequently correcting shortly afterwards. Whilst the terms of the Securities may include provisions to allow postponement of valuation in the event of certain disruptions in the market, not all significant market movements will be covered by these provisions. Reference Item prices at the opening or closing of relevant markets may also be particularly volatile as traditionally many trades are executed at such time. This may itself have an effect on the Reference Item prices and consequently the Securities.

In addition, the value of any Reference Item and/or obligation of an underlying obligor (a "**Reference Entity**") may depend on a number of interrelated factors, including economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange(s) on which any Reference Item and/or obligation of a Reference Entity may be traded.

If the formula used to determine any amounts payable in respect of the Securities contains a multiplier or leverage factor, the effect of any fluctuation in the value of the Reference Items, the adjustments of the Reference Entity to which the Securities are linked or indexed will be magnified. In recent years, values of certain equities, bonds, notes or other financial instruments, indices and formulae have been volatile and such volatility may be expected in the future. However, past experience is not necessarily indicative of what may occur in the future. The historical experience of the Reference Items and/or Reference Entities should not be taken as an indication of future performance of such Reference Items and/or Reference Entities during the term of such Security.

The price at which a Securityholder will be able to sell Securities prior to maturity or exercise may be at a discount, which could be substantial, to the market value of such Securities on the Issue Date, if, at such time, the market price of the Reference Item(s) and/or obligation(s) of a Reference Entity is below, equal to or not sufficiently above the market price of the Reference Item(s) and/or obligation(s) of a Reference Entity on the Issue Date. The historical market prices of any Reference Item and/or obligation of a Reference Entity should not be taken as an indication of such Reference Item's and/or obligation's future performance during the term of any Security.

Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of Securities linked to certain Reference Items, to obligations of the Reference Entity or to the potential holding of such Reference Item or Reference Obligation, where Physical Delivery Securities are envisaged pursuant to the applicable Pricing Supplement. Each purchaser of Securities must conduct its own investigation into its regulatory position with respect to the potential purchase of Securities, and none of the Issuer, the Guarantor, the Dealer or the Calculation Agent assumes any obligation or liability whatsoever to such purchaser in such regard.

None of the Issuer, Guarantor, Calculation Agent nor any Dealer provide any advice with respect to any Reference Item or any obligations of a Reference Entity nor make any representation as to its quality, credit or otherwise, and investors in the Securities must rely on their own sources of analysis, including credit analysis with respect to any Reference Item and/or Reference Entity. No investigation or review of the Reference Items, including, without limitation, any public filings made by the issuer or obligor of the Reference Items, has been made by the Issuer or any of its Affiliates for the purposes of forming a view as to the merits of an investment linked to the Reference Items. Nor is any guarantee or express or implied warranty made in respect of the selection of the Reference Items or is any assurance or guarantee given as to the performance of the Reference Items. Potential investors should not conclude that the sale by the Issuer of the Securities is any form of investment recommendation by it or any of its affiliates.

### ***5.2 No Claim against any Reference Item***

A Security will not represent a claim against any Reference Item and, in the event of any loss, a Securityholder will not have recourse under a Security to any Reference Item. The Securities are not in any way sponsored, endorsed or promoted by any issuer, sponsor, manager or other connected person in respect of an underlying Reference Item and such entities have no obligation to take into account the consequences of their actions on any Securityholders.

### ***5.3 There are certain risks in Securities that include an averaging feature***

The calculation of the performance of a Reference Item in respect of certain Securities may be based on the average of the price or level or other measure of such Reference Item over two or more Averaging Dates (as applicable). The effect of

## ***Risk Factors***

such averaging may be that the performance of the Reference Item will not increase proportionately if the price or level or other measure of the Reference Item sharply increases towards the end of the term (or temporarily during the term, or towards the end of an initial valuation period, as applicable). Accordingly, the effect of the averaging feature may be to lead to a reduced performance (and therefore a reduced return on the relevant Securities) as compared to the position where the performance of the Reference Item is measured on a single valuation date. On the other hand, a temporary decrease of price or level or other measure of the Reference Item will also not lead to a proportionate decrease of the performance of the Reference Item if the price or level or other measure of the Reference Item has been correspondingly higher on the remaining initial Averaging Dates or Averaging Dates (as applicable).

### **5.4 *Risks relating to Equity Linked Securities***

The Issuer may issue Equity Linked Securities where the amount of principal and/or interest or the settlement amount payable are dependent upon the price of or changes in the price of equity securities or a basket of equity securities and/or whether the price of equity securities or a basket of equity securities is equal to, above or below one or more specified levels or where, depending on the price of or change in the price of equity securities or the basket of equity securities and/or whether the price of equity securities or a basket of equity securities is equal to, above or below one or more specified levels, on redemption, settlement or cancellation, the Issuer's obligation is to deliver specified assets. Equity securities may include depositary receipts.

If the amount of principal and/or interest or the settlement amount payable are determined by reference to the least performing equity security in a basket of equity securities, then investors will not receive any benefit from the better performing equity security(ies) in the basket.

**Potential investors in Equity Linked Securities should be aware that, depending on the terms of the Equity Linked Securities, (i) they may receive no interest or a limited amount of interest, (ii) a change in the price of the equity security(ies) may result in an early redemption or cancellation of their Securities (iii) payment of principal, settlement amount or interest or delivery of any specified assets may occur at a different time than expected, and (iv) they may lose all or a substantial portion of their investment.** In addition, the 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 the case of Equity Linked Securities following the declaration by the Share Company (as defined in the Equity Linked Conditions) of the terms of any Potential Adjustment Event (as defined in the Equity Linked Conditions), the Calculation Agent will, acting in good faith and in a commercially reasonable manner, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any of the terms of the relevant Conditions and/or the applicable Pricing Supplement as the Calculation Agent acting in good faith and in a commercially reasonable manner determines appropriate to account for that diluting or concentrative 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 Share) and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Securities.

Equity Linked Securities may also be subject to certain disruption provisions. In particular, the Calculation Agent may determine that an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions) has occurred at any relevant time. Any such determination may have an effect on the timing of valuation, and consequently the value of the Equity Linked Securities, and/or may delay settlement in respect of the Securities. In addition certain extraordinary events may lead to early redemption of the Securities or to a change in the composition of the basket of equities (where applicable) in accordance with the criteria specified in the Equity Linked Conditions and such an event may have an adverse effect on the value of the Securities. Whether and how such provisions apply to the relevant Securities can be ascertained by reading the Equity Linked Conditions in conjunction with the applicable Pricing Supplement.

## ***Risk Factors***

If the amount of principal and/or interest and/or the settlement amount payable are 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 or interest payable will be magnified.

A holder of the Securities will not be a beneficial owner of the underlying equity securities and therefore will not be entitled to receive any dividends or similar amounts paid on the underlying equity securities, nor will a Securityholder be entitled to purchase the underlying equity securities by virtue of their ownership of the Securities. Moreover, holders of the Securities will not be entitled to any voting rights or other control rights that holders of the underlying equity securities may have with respect to the issuer of such underlying equity securities. Unless otherwise specified in the applicable Pricing Supplement, the Interest Amount and/or Final Redemption Amount, and/or Cash Settlement Amount will not reflect the payment of any dividends on the underlying equity securities. Accordingly, the return on the Securities will not reflect the return an investor would realise if it actually owned the underlying equity securities and received dividends, if any, paid on those securities. Therefore, the yield to maturity based on the methodology for calculating the Final Redemption Amount (in the case of N&C Securities) will not be the same yield as would be produced if the underlying equity securities were purchased directly and held for a similar period.

Where the Securities 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, the Issuer cannot make delivery of the specified assets. Any such determination may affect the value of the Securities and/or may delay settlement in respect of the Securities; and
- in the event that a Securityholder does not deliver a valid Asset Transfer Notice as contemplated in the Equity Linked Conditions (in the case of N&C Securities) or the Warrant Conditions (in the case of Warrants), the Issuer may, but is not required to, elect to deliver to the relevant Clearance System(s) the aggregate Asset Amount in respect of such N&C Securities or Entitlement in respect of such Warrants, to be divided between and delivered to the relevant Securityholders by the relevant Clearance System(s) in accordance with the rules of the relevant Clearance System(s) but no assurance is given as to the effect of such rules or other Clearance System practices for any such Securityholders.

The market price of Equity Linked Securities may be volatile and may be affected by the time remaining to the maturity date or expiration, 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.

No Share Company or Basket Company (as such terms are defined in the Equity Linked Conditions) will have participated in the preparation of the relevant Pricing Supplement or in establishing the terms of the Equity Linked Securities and none of the Issuer, the Guarantor or any Dealer will be required to make any investigation or enquiry in connection with such offering with respect to any information concerning any such Share Company or Basket Company contained in such Pricing Supplement or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Pricing Supplement) that would affect the trading price of the share or depositary receipt (where applicable) will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such a Share Company or Basket Company could affect the trading price of the share or depositary receipt (where applicable) and therefore the trading price of the Securities.

The Issuer may vary the manner in which a particular series of Securities are redeemed or exercised, if specified in the applicable Pricing Supplement. The Issuer may, acting in good faith and in a commercially reasonable manner, elect not to pay the relevant Securityholders the Final Redemption Amount or Cash Settlement Amount or to deliver or procure delivery of the relevant Asset Amount or Entitlement, to the relevant Securityholders, as the case may be, and in lieu thereof, deliver or procure the delivery of the relevant Asset Amount or Entitlement or make payment of the Early



## ***Risk Factors***

Redemption Amount or Early Cancellation Amount to the relevant Securityholders. For N&C Securities see Equity Linked Condition 12 (Variation of Settlement) and Credit Linked Condition 23 (Variation of Settlement) herein and for Warrants see Warrant Condition 4.4 (*Issuer's Option to Vary Settlement*) herein.

### **5.5 *Risks relating to Equity Index Linked Securities***

The Issuer may issue Equity Index Linked Securities where the amount of principal and/or interest or the settlement amount payable are dependent upon the level of an equity index or equity indices and/or by whether that level is equal to, above or below one or more specified levels.

If the amount of principal and/or interest or the settlement amount payable are determined by reference to the least performing equity index in a basket of equity indices, then investors will not receive any benefit from the better performing equity index/equity indices in the basket.

**Potential investors in any such Securities should be aware that, depending on the terms of the Equity Index Linked Securities, (i) they may receive no interest or a limited amount of interest, (ii) a change in the value of the equity index/equity indices may result in an early redemption or cancellation of their Securities, (iii) payment of principal, settlement amounts or interest may occur at a different time than expected, and (iv) they may lose all or a substantial portion of their investment.** In addition, the movements in the level of the index or 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 return to investors, even if the average level is consistent with their expectations

Equity Index Linked Securities may be subject to certain disruption provisions. In particular, the Calculation Agent may determine that an event giving rise to a Disrupted Day (as defined in the Equity Index/ETF Linked Conditions) has occurred at any relevant time. Any such determination may have an effect on the timing of valuation, and consequently the value of the Securities, and/or may delay settlement in respect of the Securities. In addition certain extraordinary events may lead to early termination of the Securities and such an event may have an adverse effect on the value of the Securities. Whether and how such provisions apply to the Securities can be ascertained by reading the Equity Linked Index Conditions in conjunction with the applicable Pricing Supplement.

If the amount of principal and/or interest payable are 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 or interest payable will be magnified.

The market price of Equity Index Linked Securities may be volatile and may depend on the time remaining to the maturity 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.

### **5.6 *Risks relating to ETF Linked Securities***

The Issuer may issue Securities where the amount of principal and/or interest or the settlement amount payable are dependent upon the price or changes in the price of units or shares in an exchange traded fund ("**ETF**") or ETFs and/or whether the price of units or shares in an ETF or ETFs is equal to, above or below one or more specified levels or where, depending on the price or changes in the price of units or shares in such ETF or ETFs and/or whether the price of units or shares in an ETF or ETFs is equal to, above or below one or more specified levels, on redemption the Issuer's obligation is to deliver specified assets ("**ETF Linked Securities**").

If the amount of principal and/or interest or the settlement amount payable are determined by reference to the least performing ETF in a basket of ETFs, then investors will not receive any benefit from the better performing ETF(s) in the basket.

**Potential investors in ETF Linked Securities should be aware that, depending on the terms of the ETF Linked Securities, (i) they may receive no interest or a limited amount of interest, (ii) a change in the value of the ETF/ETFs**

## ***Risk Factors***

**may result in an early redemption or cancellation of their Securities, (iii) payment of principal or interest or the settlement amount or delivery of any specified assets may occur at a different time than expected, and (iv) they may lose all or a substantial portion of their investment.** In addition, the movements in the price of units or shares in the ETF or ETFs 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 units or shares in the ETF or ETFs may affect the actual return to investors, even if the average level is consistent with their expectations. In addition, the ETF interests may be illiquid and this may adversely affect returns (if any) on the Securities.

ETF Linked Securities may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant ETF or ETFs and/or the corresponding underlying Index. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Securities and consequently adversely affect the value of the Securities. In addition certain extraordinary or disruption events may lead to early termination of the Securities which may have an adverse effect on the value of such Securities. Whether and how such provisions apply to the relevant Securities can be ascertained by reading the ETF Linked Conditions in conjunction with the applicable Pricing Supplement.

If the amount of principal, interest or the settlement amount 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 units or shares of the ETF or ETFs on principal or interest payable will be magnified.

The market price of ETF Linked Securities may be volatile and may depend on the time remaining to the maturity date or expiration and the volatility of the price of units or shares in the ETF or ETFs. The price of units or shares in an ETF may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) (if any) on which any units in the ETF or ETFs may be traded.

ETF units may be speculative and involve a high degree of risk. Neither the Issuer nor the Guarantor gives any assurance as to the performance of ETF units. Even if the Issuer or any of its affiliates may have arrangements with an ETF manager to obtain information required to calculate the value of the ETF, it may not have access to the activities of the ETF on a continuous basis.

The underlying ETFs may have recourse to leverage, i.e., borrow amounts that represent more than 100.00 per cent. of the value of their assets to invest further in assets that involve further risks. Accordingly, a small downward movement in the value of an ETF's assets may result in a significantly larger loss of the fund.

ETF managers may be eligible to earn incentive compensation. The potential for an ETF manager to earn performance based compensation may encourage such ETF manager to trade in a more speculative manner than it otherwise would.

ETF managers (including a manager that is affiliated with the Issuer) do not have any obligations to the Securityholders, or other role in connection with the Securities, including any obligation to take the needs of the Securityholders into consideration for any reason. ETF managers are not responsible for, and have not endorsed or participated in, the offering, placement, sale, purchase or transfer of the Securities. The ETF's managers are not responsible for, and will not participate in, the determination or calculation of the amounts receivable by Securityholders.

Changes to the current regulatory environment could affect the investment, operations and structure of the underlying ETFs and could adversely affect the performance of the underlying ETFs. The underlying ETFs may invest in assets that involve further risks.

Fees, deductions and charges may reduce the amount of principal and/or interest or settlement amount payable under the Securities. ETF fees will be deducted from the net asset value of the ETF, reducing the value of the ETF units. Accordingly, to the extent that the amount of principal and/or interest or settlement amount payable under the Securities is linked to the net asset value of an ETF, the relevant amount(s) payable to Securityholders will be less than it would have been absent these fees, deductions and charges, but the Issuer or one of its affiliates may be the beneficiary of such fees or obtain rebate on such fees from third parties.

## ***Risk Factors***

There are numerous additional risks relating to Securities linked to ETFs. For all of the above reasons, investing directly or indirectly in ETFs is generally considered to be risky. If the underlying ETF does not perform sufficiently well, the value of the Securities will fall and may in certain circumstances be zero.

Prospective investors should review carefully the prospectus, information memorandum and/or offering circular (if any) issued by the relevant ETF prior to purchasing any Securities. None of the Issuer, the Guarantor, any Dealer or the Calculation Agent provides any assurance as to the creditworthiness of any relevant ETF or any such ETF's administrator, custodian, investment manager or adviser or in respect of any prospectus, information memorandum and/or offering circular (if any) issued by any relevant ETF.

### ***5.7 Risks relating to Currency Linked Securities and Currency Risk in Securities and Reference Items generally***

The Issuer may issue Currency Linked Securities where the amount of principal and/or interest or the settlement amount payable are dependent upon movements in currency exchange rates and/or by whether the level of one or more currency exchange rates is equal to, above or below one or more specified levels or are payable in one or more currencies which may be different from the currency in which the Securities are denominated.

If the amount of principal and/or interest or the settlement amount payable are determined by reference to the least performing currency exchange rate in a basket of currency exchange rates, then investors will not receive any benefit from the better performing currency exchange rate/rates in the basket.

**Potential investors in Currency Linked Securities should be aware that, depending on the terms of the Currency Linked Securities, (i) they may receive no interest or a limited amount of interest, (ii) a change in the level of the currency exchange rate may result in an early redemption or cancellation of their Securities, (iii) payment of principal, settlement amounts or interest may occur at a different time or in a different currency than expected, and (iv) 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 return to investors, even if the average level is consistent with their expectations.

Payments of principal, settlement amounts and interest or other obligations of the Issuer in respect of any Series of Securities may be restricted upon the occurrence of certain disruption events described in the applicable Pricing Supplement. A relevant disruption event may relate to the imposition of currency or exchange controls in any specified country or to a nationalisation, or any other circumstance as provided in the applicable Pricing Supplement. Following a relevant disruption event, the Issuer shall be entitled to require the Calculation Agent to adjust the Securities or to redeem or cancel the Securities early or to postpone payments or deliveries in respect of the Securities so long as the relevant disruption event continues provided that if the relevant disruption event continues for a period of two years the Securities shall expire worthless and shall be cancelled.

If the amount of principal and/or interest or settlement amount payable are dependent upon movements in currency exchange rates and are 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 Currency Linked Securities may be volatile and, if the amount of principal and/or the settlement and/or interest payable are dependent upon movements in currency exchange rates, may depend upon the time remaining to the redemption maturity date or expiration 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.

#### ***(a) There is generally foreign exchange currency exposure in respect of Securities which provide for payment to be made in a currency which is different to the currency of the Reference Item(s)***

Where the terms and conditions of the Securities provide that payment under such Securities will be made in a currency which is different from the currency of the Reference Item, and such Securities do not have a "quanto" feature (i.e. the Securities themselves take no account of currency rate movements or otherwise hedge the currency risk), there are additional risks. Holders of such Securities may be exposed not only to the performance of the Reference Item but also to

## ***Risk Factors***

the performance of such foreign currency, which cannot be predicted. Investors should be aware that foreign exchange rates are, and have been, highly volatile and determined by supply and demand for currencies in the international foreign exchange markets, which are subject to economic factors, including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks (e.g., imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency). Foreign exchange fluctuations between a Securityholder's home currency and the relevant currency in which the repayment amount of the Securities is denominated may affect investors who intend to convert gains or losses from the exercise or sale of Securities into their home currency.

(b) ***There are risks relating to currency-protected or "quanto" Securities which provide for payment to be made in a currency which is different to the currency of the Reference Item(s)***

If one or more Reference Items are not denominated in the currency of the Securities and at the same time only the performance of the Reference Item(s) in their denominated currency is relevant to the payout on the Securities, such Securities are referred to as currency-protected Securities or Securities with a "quanto" feature. Under such feature, the investment return of the Securities depends only on the performance of the Reference Item(s) (in the relevant currency) and any change in the rate of exchange between the currency of the Reference Item(s) and the Securities is disregarded. Accordingly, the application of a "quanto" feature means that Securityholders will not have the benefit of any change in the rate of exchange between the currency of the Reference Item(s) and the Securities that would otherwise increase the performance of the Reference Item(s) in the absence of such "quanto" feature. In addition, changes in the relevant exchange rate may indirectly influence the price of the Reference Item(s) which, in turn, could have a negative effect on the return on the Securities.

(c) ***The value of the Securities can be affected by currency related events***

The value of any currency, including those currencies specified in any indicative transaction, may be affected by complex political and economic factors. The exchange rate of each currency referenced in a Currency Linked Security is at any moment a result of the supply and demand for the two currencies, and changes in the exchange rate result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in the originating country of each currency, including economic and political developments in other countries. Of particular importance are the relative rates of inflation, interest rate levels, the balance of payments and the extent of governmental surpluses or deficits in such countries, all of which are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of such countries and other countries important to international trade and finance. Foreign exchange rates can either be fixed by sovereign governments or floating. Exchange rates of most economically developed nations are permitted to fluctuate in value. However, governments sometimes do not allow their currencies to float freely in response to economic forces. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing the Securities is that the liquidity, trading value and amounts payable could be affected by the actions of the sovereign government which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders.

5.8 ***Risks relating to Commodity Linked N&C Securities***

The Issuer may issue Commodity Linked N&C Securities where the amount of principal and/or interest payable are dependent upon the price or change in the price of a commodity, a basket of commodities, a commodity index or basket of commodity indices (each a "**Commodity Underlying**") and/or whether the price of one or more Commodity Underlyings is equal to, above or below one or more specified levels or where, depending on the price or change in the price of the relevant Commodity Underlying, on redemption the Issuer's obligation is to deliver specified assets.

## ***Risk Factors***

**Potential investors in Commodity Linked N&C Securities should be aware that, depending on the terms of the Commodity Linked N&C Securities, (i) they may receive no interest or a limited amount of interest, (ii) a change in the value of the Commodity Underlying(s) may result in an early redemption or cancellation of their Securities, (iii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected, and (iv) they may lose all or a substantial portion of their investment.** In addition, the movements in the price of the relevant Commodity Underlying 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 relevant Commodity Underlying may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the greater the change in the price or level of the relevant Commodity Underlying, the greater the effect on yield.

Commodity Linked N&C Securities may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant commodity or commodities. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the N&C Securities and consequently adversely affect the value of the N&C Securities. In addition certain extraordinary or disruption events may lead to early redemption of the N&C Securities which may have an adverse effect on the value of such N&C Securities. Whether and how such provisions apply to the relevant N&C Securities can be ascertained by reading the Commodity Linked Conditions in conjunction with the applicable Pricing Supplement.

If the amount of principal and/or interest or settlement amount payable are 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 relevant Commodity Underlying on principal, interest payable or the amount of specified assets deliverable will be magnified.

If the amount of principal and/or interest or the settlement amount payable are determined by reference to the least performing commodity in a basket of commodities, then investors will not receive any benefit from the better performing commodity/commodities in the basket.

The market price of Commodity Linked N&C Securities may be volatile and may depend on the time remaining to the redemption date and the volatility of the price of the relevant Commodity Underlying. The price of 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 traded.

(a) ***Factors affecting the performance of Commodities may adversely affect the value of the Securities; Commodity prices may be more volatile than other asset classes.***

The prices of commodities may be volatile, and, for example, may fluctuate substantially if natural disasters or catastrophes, such as hurricanes, fires or earthquakes, affect the supply or production of such commodities. Commodity prices are affected by a variety of factors that are unpredictable including, for example, changes in supply and demand relationships, weather patterns and extreme weather conditions, governmental programmes and policies, national and international political, military, terrorist and economic events, fiscal, monetary and exchange control programmes, changes in interest and exchange rates and changes and suspensions or disruptions of market trading activities in commodities and related contracts. Commodity prices may be more volatile than other asset classes, making investments in commodities riskier than other investments. A further explanation of some of the factors affecting the price of commodities are:

- ***Supply and demand*** - The planning and management of commodities supplies is very time consuming. This means that the scope for action on the supply side is limited and it is not always possible to adjust production swiftly to take account of demand. Demand can also vary on a regional basis. Transport costs for commodities in regions where they are needed also affect their prices. The fact that some commodities take a cyclical pattern, such as agricultural products which are only produced at certain times of the year, can also result in major price fluctuations.
- ***Liquidity*** - Not all commodities markets are liquid and able to quickly and adequately react to changes in supply and demand. The fact that there are only a few market participants in the commodities markets means that speculative investments can have negative consequences and may distort prices.

## ***Risk Factors***

- ***Weather conditions and natural disasters*** - Unfavourable weather conditions can influence the supply of certain commodities for the entire year. This kind of supply crisis can lead to severe and unpredictable price fluctuations. Diseases and epidemics can also influence the prices of agricultural commodities.
- ***Direct investment costs*** - Direct investments in commodities involve storage, insurance and tax costs. Moreover, no interest or dividends are paid on commodities. The total returns from investments in commodities are therefore influenced by these factors.
- ***Location*** - Commodities are often produced in emerging market countries, with demand coming principally from industrialised nations. The political and economic situation is however far less stable in many emerging market countries than in the developed world. They are generally much more susceptible to the risks of rapid political change and economic setbacks. Political crises can affect purchaser confidence, which can as a consequence affect commodity prices. Armed conflicts can also impact on the supply and demand for certain commodities. It is also possible for industrialised nations to impose embargos on imports and exports of goods and services. This can directly and indirectly impact commodity prices. Furthermore, numerous commodity producers have joined forces to establish organisations or cartels in order to regulate supply and influence prices.
- ***Changes in tax rates*** - Changes in tax rates and customs duties may have a positive or a negative impact on the profit margins of commodities producers. When these costs are passed on to purchasers, these changes will affect prices.

Any interest and/or the redemption amount or settlement amount payable in respect of a Commodity Linked N&C Security may be reduced (possibly to zero) by any change in the price of the relevant Commodity Underlying. In such circumstances the amount (if any) payable on the redemption or settlement of the Commodity Linked N&C Securities may be significantly less than the holder's original investment in the relevant N&C Securities.

- (b) ***Ownership of the Securities will not entitle an investor to any rights with respect to any futures contracts or commodities included in or tracked by the Reference Item(s).***

An investor will not own or have any beneficial or other legal interest in, and will not be entitled to any rights with respect to, any of the commodities or commodity futures included in such Reference Item(s). The Issuer will not invest in any of the commodities or commodity futures contracts included in such Reference Item(s) on behalf or for the benefit of the Securityholders.

- (c) ***Commodities may reference physical Commodities or Commodity contracts, and certain Commodity contracts may be traded on unregulated or "under-regulated" exchanges.***

Commodities comprise both (i) "physical" Commodities, which need to be stored and transported, and which are generally traded at a "spot" price, and (ii) Commodity contracts, which are agreements either to (a) buy or sell a set amount of an underlying physical Commodity at a predetermined price and delivery period (which may be referred to as a delivery month), or to (b) make and receive a cash payment based on changes in the price of the underlying physical Commodity.

Commodity contracts may be traded on regulated specialised futures exchanges (such as futures contracts). Commodity contracts may also be traded directly between market participants "over-the-counter" on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. Accordingly, trading in such "over-the-counter" contracts may not be subject to the same provisions as, and the protections afforded to, contracts traded on regulated specialised futures exchanges, and there may therefore be additional risks related to the liquidity and price histories of the relevant contracts and any Securities which reference any such Commodity contracts may have reduced liquidity or greater price volatility or be subject to more extensive market disruptions. At the same time, legislation recently enacted in the United States and pending in the European Union will increase the regulation of many of these "over-the-counter" contracts, including in some cases requiring them to be cleared and traded through regulated facilities, although the extent and nature of such regulation will differ from the regulation of futures contracts.

- (d) ***Commodity Linked N&C Securities which are linked to Commodity futures contracts may provide a different return from Commodity Linked N&C Securities linked to the relevant physical Commodity and will have certain other risks.***

## ***Risk Factors***

The price of a futures contract on a Commodity will generally be at a premium or at a discount to the spot price of the physical Commodity. This discrepancy is due to such factors as (i) the need to adjust the spot price due to related expenses (e.g., warehousing, transport and insurance costs) and (ii) different methods being used to evaluate general factors affecting the spot and the futures markets. In addition, and depending on the Commodity, there can be significant differences in the liquidity of the spot and the futures markets. Accordingly, Commodity Linked N&C Securities which are linked to Commodity futures contracts may provide a different return from Commodity Linked N&C Securities linked to the relevant physical Commodity.

Investments in futures contracts involve certain other risks, including potential illiquidity. A holder of a futures position may find that such position becomes illiquid because certain Commodity exchanges limit fluctuations in such futures contract prices pursuant to "daily limits". Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in the contract can neither be taken nor liquidated unless holders are willing to effect trades at or within the limit. This could prevent a holder from promptly liquidating unfavourable positions and subject it to substantial losses. Futures contract prices in various Commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Any such losses in such circumstances could have a negative adverse effect on the return of any Securities the Reference Item of which is the affected futures contract. There can be no assurance that any such disruption or any other force majeure (such as an act of God, fire, flood, severe weather conditions, act of governmental authority, or a labour dispute or shortage) will not have an adverse affect on the value of or trading in the Reference Item(s), or the manner in which it is calculated, and therefore, the value of the Securities.

In the case of a direct investment in commodity futures contracts, the invested capital may be applied in whole or in part by way of collateral in respect of the future claims of the respective counterparties under the commodity futures contracts. Such capital will generally bear interest, and the interest yield will increase the return of the investor making such direct investment. However, holders of Securities linked to the price of commodity futures contracts do not participate in such interest yields from the hypothetical fully collateralised investment in commodity futures contracts.

(e) ***Additional risks in relation to the "rolling" of commodity futures contracts***

Commodity contracts have a predetermined expiration date, which is the date on which trading of the commodity contract ceases. Holding a commodity contract until expiration will result in delivery of the underlying physical commodity or the requirement to make or receive a cash settlement. Alternatively, "rolling" the commodity contracts means that the commodity contracts that are nearing expiration (the "**Near-dated Commodity Contracts**") are sold before they expire and commodity contracts that have an expiration date further in the future (the "**Longer-dated Commodity Contracts**") are purchased. Investments in commodities apply "rolling" of the component commodity contracts in order to maintain an ongoing exposure to such commodities.

"Rolling" can affect the value of an investment in commodities in a number of ways, including:

- (i) The investment in commodity contracts may be increased or decreased through "rolling": Where the price of a Near-dated Commodity Contract is greater than the price of the Longer-dated Commodity Contract (the commodity is said to be in "**backwardation**"), then "rolling" from the former to the latter will result in exposure to a greater number of the Longer-dated Commodity Contracts being taken. Therefore, any loss or gain on the new positions for a given movement in the prices of the commodity contract will be greater than if one had synthetically held the same number of commodity contracts as before the "roll". Conversely, where the price of the Near-dated Commodity Contract is lower than the price of the Longer-dated Commodity Contract (the commodity is said to be in "**contango**"), then "rolling" will result in exposure to a smaller number of the Longer-Dated Commodity Contract being taken. Therefore, any gain or loss on the new positions for a given movement in the prices of the commodity contract will be less than if one had synthetically held the same number of commodity contracts as before the "roll"; and
- (ii) Where a commodity contract is in contango (or, alternatively, backwardation) this may be expected to (though it may not) have a negative (or, alternatively, positive) effect over time: Where a commodity contract is in contango, then the price of the Longer-dated Commodity Contract will generally be expected to (but may not) decrease over time as it nears expiry. In such event, rolling is generally expected to have a negative effect on an

## ***Risk Factors***

investment in the commodity contract. Where a commodity contract is in backwardation, then the price of the Longer-dated Commodity Contract will generally be expected to (but may not) increase over time as it nears expiry. In such event, the investment in the relevant commodity contract can generally be expected to be positively affected.

(f) ***Effects of "Rolling" of component commodity futures contracts on commodity indices***

Commodity indices are indices which track the performance of a basket of commodity contracts on certain commodities, depending on the particular index. The weighting of the respective commodities included in a commodity index will depend on the particular index, and is generally described in the relevant index rules of the index. Commodity indices apply "rolling" of the component commodity contracts in order to maintain an ongoing exposure to such commodities. Specifically, as a commodity contract is required to be rolled pursuant to the relevant index rules, the commodity index is calculated as if exposure to the commodity contract was liquidated and exposure was taken to another commodity contract (generally a Longer-dated Commodity Contract) for an equivalent exposure. Accordingly, the same effects as described above with regard to "rolling" on the value of a commodity reference item also apply with regard to the index level of a commodity index.

(g) ***Commodity Linked N&C Securities which are linked to a commodity pool***

Unlike an investment in the Securities, an investment in a collective investment vehicle that invests in futures or swap contracts on behalf of its participants may be regulated as a commodity pool and its operator may be required to be registered with and regulated by the United States Commodity Futures Trading Commission as a commodity pool operator. The Issuer will not be registered with the Commodity Futures Trading Commission as a commodity pool operator, and the Securityholders will not benefit from the Commodity Futures Trading Commission's or any non-U.S. regulatory authority's regulatory protections afforded to persons who trade in futures or swap contracts or who invest in regulated commodity pools.

Commodity indices to which Commodity Linked N&C Securities may be indexed may include over-the-counter contracts (such as swaps and forward contracts) traded on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the same provisions of, and the protections afforded by, the United States Commodity Exchange Act, as amended, or other applicable United States or foreign statutes and related regulations, that govern trading on regulated futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities and the inclusion of such contracts in the relevant Commodity Index (as specified in the applicable Pricing Supplement) may be subject to certain risks not presented by most exchange-related futures contracts, including risks related to the liquidity and price histories of the relevant contracts. At the same time, legislation recently enacted in the United States and pending in the European Union will increase the regulation of many of these over-the-counter contracts, including in some cases requiring them to be cleared and traded through regulated facilities, although the extent and nature of such regulation will differ from the regulation of futures.

(h) ***Legal and regulatory changes relating to the Commodities may lead to an early redemption or early cancellation.***

Commodities are subject to legal and regulatory regimes that may change in ways that could affect the ability of the Issuer and/or any entities acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer's obligations in relation to the Securities to hedge the Issuer's obligations under the Securities, and/or could lead to the early termination of the Securities.

Commodities are subject to legal and regulatory regimes in the United States and, in some cases, in other countries that may change in ways that could negatively affect the value of the Securities. For example, in December 2013, the Commodity Futures Trading Commission repropounded rules establishing aggregate position limits on positions in specified commodity futures contracts and economically equivalent swaps. Such rules, if finalised, could have an unpredictable impact on the value of any Commodity Linked N&C Securities. In addition, if the commodities are traded on a non-U.S. exchange, those foreign markets may be more susceptible to disruption than U.S. exchanges due to the lack of a



## ***Risk Factors***

government-regulated clearing house system and may be subject to exchange controls, expropriation, burdensome or confiscatory taxation, or moratoriums and political or diplomatic events.

In addition, if the Calculation Agent determines that an Additional Disruption Event (as defined in the Commodity Linked Conditions) has occurred, the Issuer may either (a) redeem or cancel the Securities prior to maturity or settlement by payment of an Early Redemption Amount or Early Cancellation Amount which may be less than the purchase price of the Securities or (b) amend the terms of the Securities instead as it determines appropriate to account for such event. If the payment on the Securities is accelerated, a holder's investment may result in a loss and a holder may not be able to reinvest the proceeds in a comparable investment. An Additional Disruption Event includes any legal or regulatory changes that the Calculation Agent determines have interfered with the ability of the Issuer and/or any entities acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer's obligations in relation to the Securities to hedge the Issuer's obligations under the Securities, or if for any other reason the Issuer and/or any entities acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer's obligations in relation to the Securities is/are unable to enter into or maintain hedge positions to hedge the Issuer's obligations under the Securities.

### **5.9 *Risks relating to Fund Linked Securities***

The Issuer may issue Fund Linked Securities where the amount of principal and/or interest or the settlement amount payable are dependent upon the price or changes in the price of units or shares in a fund or funds and/or whether the price of units or shares in a fund or funds is equal to, above or below one or more specified level or where, depending on the price or changes in the price of units or shares in such fund or funds and/or whether the price of units or shares in a fund or funds is equal to, above or below one or more specified levels, on redemption the Issuer's obligation is to deliver specified assets.

If the amount of principal and/or interest or the settlement amount payable are determined by reference to the least performing fund in a basket of funds, then investors will not receive any benefit from the better performing fund(s) in the basket.

**Potential investors in Fund Linked Securities should be aware that, depending on the terms of the Fund Linked Securities, (i) they may receive no interest or a limited amount of interest, (ii) a change in the value of the units or shares in a fund or funds may result in an early redemption or cancellation of their Securities, (iii) payment of principal or interest or the settlement amount or delivery of any specified assets may occur at a different time than expected, and (iv) they may lose all or a substantial portion of their investment.** In addition, the movements in the price of units or shares in the fund or funds 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 units or shares in the fund or funds may affect the actual return to investors, even if the average level is consistent with their expectations. In addition, the fund interests may be illiquid and this may adversely affect returns (if any) on the Securities.

Fund Linked Securities may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant fund or funds. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Securities and consequently adversely affect the value of the Securities. In addition certain extraordinary or disruption events may lead to early termination of the Securities which may have an adverse effect on the value of such Securities. Whether and how such provisions apply to the relevant Securities can be ascertained by reading the Fund Linked Conditions in conjunction with the applicable Pricing Supplement.

If the amount of principal, interest or the settlement amount 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 units or shares of the fund or funds on principal or interest payable will be magnified.

The market price of Fund Linked Securities may be volatile and may depend on the time remaining to the maturity date or expiration and the volatility of the price of units or shares in the fund or funds. The price of units or shares in a fund may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) (if any) on which any units in the fund or funds may be traded.

## ***Risk Factors***

Fund units, and investments in hedge funds generally, may be speculative and involve a high degree of risk. Neither the Issuer nor the Guarantor gives any assurance as to the performance of fund units. Hedge funds generally do not make information about their operations and holdings public. Even if the Issuer or any of its affiliates may have arrangements with a fund manager to obtain information required to calculate the value of the fund, it may not have access to the activities of the fund on a continuous basis or at all. There may be no regulatory requirements compelling funds to release information of the kind that would allow the Issuer, or any affiliate to value a fund or to accurately determine the value of the fund units and, consequently, the amount of principal and/or interest payable on the relevant Securities.

The Issuer and certain of its Affiliates from time to time obtain information regarding specific hedge funds that may not be available to the general public. Any such information is obtained by the Issuer and certain of its affiliates in the ordinary course of their businesses, and not in connection with the offering of the Securities (including in respect of funds that are managed by managers affiliated with the Issuer). In connection with the ordinary course of their businesses, the Issuer and certain of its affiliates may recommend, or determine not to recommend, specific hedge funds to their clients. Hedge funds as to which the Issuer and certain of its affiliates have formed investment recommendations may now or may in the future be among the underlying funds used in the redemption or payout formula of Securities. Any views that may be held by the Issuer and certain of its affiliates with respect to the expected future performance of one or more of the funds (including in respect of funds that are managed by managers affiliated with the Issuer) would not be an indication of the future expected performance of the fund, and neither the Issuer nor any of its affiliates has formed a view with respect to the expected future performance of a fund. The offering of the Securities does not constitute a recommendation by the Issuer or any of its affiliates with respect to an investment linked to an underlying fund (including in respect of funds that are managed by managers affiliated with the Issuer).

Funds may trade and invest in a broad range of investments such as debt and equity securities, commodities and foreign exchange and may enter into derivative transactions, including, without limitation, futures and options. Funds may often be illiquid and may only be traded on a monthly, quarterly or even less frequent basis. The trading strategies of Funds are often opaque. Funds, as well as the markets and instruments in which they invest, are often not subject to review by governmental authorities, self-regulatory organisations or other supervisory authorities.

Investments made by the underlying funds can involve substantial risks. The nature of these investments means that the value of the fund units may fluctuate significantly during a day or over longer periods. Consequently, the performance of the fund units over a given period will not necessarily be indicative of future performance. A fund and any fund components in which it may invest may utilise, *inter alia*, strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Funds, and any fund components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. No assurance can be given relating to the present or future performance of any fund and any fund component in which it may invest. The performance of each fund and any fund component in which it may invest is dependent on the performance of the fund managers in selecting fund components and the management of the relevant component in respect of the fund components. No assurance can be given that these persons will succeed in meeting the investment objectives of the relevant fund, that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investment in which a fund has or may invest will prove accurate.

The underlying funds may have recourse to leverage, i.e., borrow amounts that represent more than 100.00 per cent. of the value of their assets to invest further in assets that involve further risks. Accordingly, a small downward movement in the value of a fund's assets may result in a significantly larger loss of the fund.

Fund managers may be eligible to earn incentive compensation. The potential for a fund manager to earn performance based compensation may encourage such fund manager to trade in a more speculative manner than it otherwise would.

Fund managers' investments are not verified. Neither the Issuer nor any of its affiliates is or will be responsible for verifying or ensuring that the fund's managers comply with its stated trading strategy.

## ***Risk Factors***

Fund managers (including a manager that is affiliated with the Issuer) do not have any obligations to the Securityholders, or other role in connection with, the Securities, including any obligation to take the needs of the Securityholders into consideration for any reason. Fund managers are not responsible for, and have not endorsed or participated in, the offering, placement, sale, purchase or transfer of the Securities. The fund's managers are not responsible for, and will not participate in, the determination or calculation of the amounts receivable by Securityholders.

Hedge funds, including the underlying funds, are not subject to the same regulatory regime, or regulated to the same extent as, mutual funds or registered securities or securities offerings. Changes to the current regulatory environment could affect the investment, operations and structure of the underlying funds and could adversely affect the performance of the underlying funds. The underlying funds may invest in assets that involve further risks.

Fees, deductions and charges may reduce the amount of principal and/or interest or settlement amount payable under the Securities. Fund fees will be deducted from the net asset value of the fund, reducing the value of the fund units. Accordingly, to the extent that the amount of principal and/or interest or settlement amount payable under the Securities is linked to the net asset value of a fund, the relevant amount(s) payable to Securityholders will be less than it would have been absent these fees, deductions and charges, but the Issuer or one of its affiliates may be the beneficiary of such fees or obtain rebate on such fees from third parties.

Additional investments in, or withdrawals of amounts previously invested in, the fund may adversely affect the value of the fund units. The Issuer or one of its affiliates, in order to hedge its obligations under the Securities, may enter into a hedging transaction which may directly or indirectly involve investing in units of the underlying funds. Prospective investors should be aware that, as a result of hedging decisions by the hedging counterparty, transfers into or out of the fund by the hedging counterparty may affect the value of the fund units and, in turn, the Final Redemption Amount or Cash Settlement Amount of the Securities.

As funds may be resident in so-called off-shore jurisdictions, which have not entered into any double taxation conventions with other countries, any income of such fund may be subject to taxation in the countries of origin. As such withholding taxes are non-deductible due to the fact that such funds are not subject to income taxation in their countries of residence, this results in a reduction of the net income of such fund and may have a negative impact on the performance of such fund.

The valuation of a fund is generally controlled by the relevant fund manager or the investment adviser (as the case may be) of the fund. Valuations are performed in accordance with the terms and conditions governing the fund. Such valuations may be based upon the unaudited financial records of the fund and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the fund and accounts. The fund may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or the investment adviser may vary certain quotations for such investments held by the fund in order to reflect its judgment as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the fund assets and/or accounts may have an adverse effect on the net asset value of the relevant fund where such judgments regarding valuations prove to be incorrect.

There are numerous additional risks relating to Securities linked to hedge funds and other types of fund, and the applicable Pricing Supplement in respect of such Securities may include additional risk factors. For all of the above reasons, investing directly or indirectly in funds is generally considered to be risky. If the underlying fund does not perform sufficiently well, the value of the Securities will fall and may in certain circumstances be zero.

Prospective investors should review carefully the prospectus, information memorandum and/or offering circular (if any) issued by the relevant fund prior to purchasing any Securities. None of the Issuer, the Guarantor, any Dealer or the Calculation Agent provides any assurance as to the creditworthiness of any relevant fund or any such fund's administrator, custodian, investment manager or adviser or in respect of any prospectus, information memorandum and/or offering circular (if any) issued by any relevant fund.

## ***Risk Factors***

### 5.10 ***Risks relating to Credit Linked N&C Securities***

#### (a) ***General risks relating to Credit Linked N&C Securities***

The Issuer may issue Credit Linked N&C Securities where the amount of principal and/or interest payable is dependent upon whether certain events (each a "**Credit Event**") have occurred in respect of one or more specified entities (a "**Reference Entity**") and, if so, on the value of certain specified assets ("**Reference Obligations**") of the Reference Entity or where, if such events have occurred, on redemption the Issuer's obligation is to deliver certain specified assets ("**Deliverable Obligations**"). In certain circumstances the Calculation Agent may determine Valuation Obligations in a similar manner to Deliverable Obligations. In such case, the Valuation Obligations, as determined by the Calculation Agent, would be used to determine the Final Price. All references in this section to Reference Obligations shall be deemed to include Valuation Obligations, as applicable.

**Potential investors in Credit Linked N&C Securities should be aware that, depending on the terms of the Credit Linked N&C Securities, (i) they may receive no or a limited amount of interest, (ii) the occurrence of a Credit Event may result in an early redemption of their Securities, (iii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected, and (iv) they may lose all or a substantial portion of their investment.**

There may exist at times only small or no markets for the N&C Securities and for the obligations of the Reference Entity to which the N&C Securities are linked, resulting in low or non-existent volumes of trading in the N&C Securities and such obligations, and therefore a lack of liquidity and price volatility of the N&C Securities and such obligations.

In selecting any Reference Obligations hereunder, the Calculation Agent is under no obligation to the Securityholders or any other person and, provided that the obligation selected meets the applicable criteria (if any), is entitled, and indeed will endeavour, to select obligations with the lowest or highest price (depending on who is the buyer) of any obligations which meet such criteria. In making any selection, the Calculation Agent will not be liable to account to the Securityholders or any other person for any profit or other benefit to it or any of its affiliates which may result directly or indirectly from any such selection.

In selecting any substitute Reference Entity, any Valuation Date, any Quotation Amount or any Valuation Time or in making any other selection in accordance with the terms of the N&C Securities, the Calculation Agent is under no obligation to the Securityholders or any other person and provided that the relevant selection meets the criteria specified, the Calculation Agent will not be liable to account to the Securityholders or any other person for any profit or other benefit to it or any of its affiliates which may result directly or indirectly from any such selection.

In addition, the Issuer, the Guarantor and their affiliates may, for their own account and for the account of customers, engage in any kind of transactions and other business directly or indirectly involving a Reference Entity and may act with respect to such business in the same manner as it would if the N&C Securities had not been issued, regardless of whether any such action might have an adverse effect directly or indirectly on a Reference Entity. The Issuer and its affiliates may on the Issue Date of the N&C Securities or at any time thereafter be in possession of information in relation to a Reference Entity that is or may be material in the context of the issue of N&C Securities and that may not be publicly available or known to the purchasers. There is no obligation on the part of the Issuer, the Guarantor or their affiliates to disclose to the Securityholders any such relationship or information.

Upon the occurrence of a Credit Event, there is a risk of the loss of a substantial portion, or all, of the principal amount of the N&C Securities. If a Credit Event Notice is served in connection with a Credit Event of a Reference Entity, the N&C Securities may be subject to redemption at a price which may be at a considerable discount to par and could be zero. Prospective investors therefore risk losing all principal and interest on the N&C Securities. Securityholders will have no right to vote or exercise any other right or remedy with respect to the Reference Entity(ies) or any of its obligations.

Not all of the Credit Events require an actual default with respect to the Reference Entity's(ies') obligations. Thus, Securityholders could bear losses based on deterioration in the credit of the Reference Entity(ies) short of a default, subject to the provisions set out in the applicable Pricing Supplement. In the case of Additional Credit Events if specified in the applicable Pricing Supplement, including any Pass-Through Event, certain Credit Events may be due to events which are

## ***Risk Factors***

unrelated to the creditworthiness of the Reference Entity. Also, not all of the Credit Events are triggered by events which are easily ascertainable and disputes can and have arisen as to whether a specific event with respect to a Credit Event did or did not constitute a Credit Event. The Calculation Agent's good faith, commercially reasonable determination that a Credit Event has or has not occurred will be binding on the Securityholders. The Calculation Agent's view of whether a Credit Event has occurred may be different from the view of the Securityholders or other financial institutions, rating agencies or commentators.

In the event of a Credit Event, Securityholders may receive Deliverable Obligations which may be in default. In this case, under the terms of the applicable Pricing Supplement, the Issuer will be free to deliver any obligations of the Reference Entity in respect of which such Credit Event has occurred (whether as principal, guarantor or otherwise) which satisfy the requirements for a Deliverable Obligation. Such obligations are likely to be in default at the time of delivery. Further, in selecting such obligations the Issuer will not be required to consider the interests of the Securityholders or mitigate the Securityholders' losses. The Issuer may have complete discretion to select the cheapest obligations of the Reference Entity so long as such obligations satisfy the requirements for a Deliverable Obligation.

The market price of Credit Linked N&C Securities may be volatile and will be affected by, amongst other things, the time remaining to the maturity date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

Where the N&C Securities provide for physical delivery or where Auction Settlement is the applicable Settlement Method and physical delivery is the applicable Fallback Settlement Method (each as specified in the applicable Pricing Supplement), the Issuer may determine that the Deliverable Obligations are either (a) assets which 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 assets which are loans) it is impossible or illegal to deliver on the Physical Settlement Date, or (b) assets which the Issuer and/or any affiliate has not received under the terms of any transaction entered into by the Issuer and/or such affiliate to hedge the Issuer's obligations in respect of the N&C Securities. Any such determination may delay settlement in respect of the N&C Securities and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the N&C Securities and, in the case of payment of a cash amount, will affect the timing of the valuation of such N&C Securities and, as a result, the amount of the relevant amount payable on redemption. Whether and how such provisions apply to the relevant N&C Securities can be ascertained by reading the Credit Linked Conditions in conjunction with the applicable Pricing Supplement.

Upon the occurrence of a Credit Event, the Issuer may, at its option, redeem the relevant Credit Linked N&C Securities in which case the Issuer's obligation to pay principal may be replaced by an obligation to pay other amounts calculated by reference to the value of the Reference Obligation(s) and/or to deliver the Deliverable Obligation(s) and, upon the payment of such amounts or the delivery of such Deliverable Obligation(s), any claims or rights of the Securityholders relating to payment shall be extinguished. The Issuer's obligations in respect of Credit Linked N&C Securities are not dependent on the existence of credit exposure of the Issuer to a Reference Entity and the Issuer need not itself suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

If so specified in the applicable Pricing Supplement the Issuer may issue certain Portfolio Credit Linked N&C Securities, Portfolio Maturity Settled Credit Linked N&C Securities or first to default Credit Linked N&C Securities. For each such type of N&C Security more than one Reference Entity will be specified and a Securityholder takes credit risk in relation to each such Reference Entity. In the case of Portfolio Credit Linked N&C Securities and Portfolio Maturity Settled Credit Linked N&C Securities a relevant portion of each such N&C Security will be affected by the occurrence of a Credit Event in relation to a relevant Reference Entity and interest, if any, in respect of the N&C Securities will reduce as a result. In the case of Portfolio Credit Linked N&C Securities a partial redemption in cash or by delivery of relevant deliverable obligations may be made as each relevant Credit Event occurs, while in the case of Portfolio Maturity Settled Credit Linked N&C Securities amounts in respect of each Credit Event, if any, will be payable at maturity. In the case of first to default Credit Linked N&C Securities, the first Reference Entity in respect of which a Credit Event occurs will lead to redemption of the N&C Securities on the basis described above as though such N&C Securities were Credit Linked N&C Securities relating to a single Reference Entity. It should also be noted that in the case of first to default Credit Linked N&C Securities, the Calculation Agent may in certain circumstances select a substitute Reference Entity which would not

## ***Risk Factors***

otherwise be a successor to the affected Reference Entity but meets certain industry, credit spread and geographical requirements.

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

The Issuer may vary the manner in which a particular series of N&C Securities are redeemed, as specified in the applicable Pricing Supplement. At its sole and absolute discretion, it may elect not to pay the relevant Securityholders the Credit Event Redemption Amount or to deliver or procure delivery of the relevant Deliverable Obligations to the relevant Securityholders, as the case may be, and, in lieu thereof, deliver or procure the delivery of the relevant Deliverable Obligations or make payment of the Credit Event Redemption Amount on the Credit Event Redemption Date to the relevant Securityholders. See N&C Security Condition 7 (Redemption and Purchase) below and Credit Linked Condition 23 (Variation of Settlement).

In certain circumstances, in the event that the Calculation Agent is unable to identify a Substitute Reference Obligation prior to the Extension Date, the Issuer shall have the right on or after the Extension Date to early redeem the N&C Securities at the Early Redemption Amount (determined by the Calculation Agent taking into account the creditworthiness of the Reference Entity at the time of early redemption) by notice to Securityholders which may have an adverse effect on the value of the N&C Securities.

The Calculation Agent may from time to time amend any provision of the Credit Linked Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary or desirable to reflect or govern market practice for credit derivative transactions.

Whilst there are many similarities between the terms used in this Information Memorandum (in particular, in the Credit Linked Conditions) and the terms used in the 2003 ISDA Credit Derivative Definitions (as supplemented from time to time) there are many substantial differences and a prospective investor should understand that the complete terms and conditions of the N&C Securities are as set out in this Information Memorandum and the applicable Pricing Supplement and that the 2003 ISDA Credit Derivative Definitions are not incorporated by reference herein.

(b) ***Risks relating to Auction Settlement of Credit Linked N&C Securities***

(i) ***Auction Settlement***

Where the Settlement Method specified in the applicable Pricing Supplement in respect of a Series of N&C Securities is Auction Settlement and an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time. The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the relevant Reference Obligation. The Issuer and the Securityholders may have little or no influence in the outcome of any such auction.

(ii) ***Auction Final Price and the Issuer's ability to influence the Auction Final Price***

If the N&C Securities are redeemed following the occurrence of a Credit Event, the amount payable in respect of the N&C Securities may be determined by reference to the Auction Final Price determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms. There is a possibility that the Issuer, the Calculation Agent or one of their affiliates would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations or Valuation Obligations, as applicable. In deciding whether to take

## ***Risk Factors***

any such action (or whether to act as a participating bidder in any auction), neither the Calculation Agent nor any of its affiliates shall be under an obligation to consider the interests of any Securityholders.

(iii) ***Role of the Credit Derivatives Determinations Committee***

In respect of a Credit Event relating to a Credit Linked N&C Security, prospective purchasers should note that the Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof. Consequently, the payments on the N&C Securities and the timing of any such payments may be affected by any such relevant decisions if Auction Settlement is specified as the applicable Settlement Method for a Series of N&C Securities in the relevant Pricing Supplement.

(iv) ***Any "Eligible Market Participant" is permitted to deliver a notice to ISDA pursuant to the Credit Derivatives Determinations Committees Rules***

The Credit Derivatives Determinations Committees Rules provide that any "Eligible Market Participant", is permitted to deliver a notice to ISDA requesting that the Credit Derivatives Determinations Committee resolves certain matters in respect of a relevant credit derivatives transaction, including those as set out in the definitions of "Credit Event Resolution Request Date", "Repudiation/Moratorium Extension Condition" and "Succession Event Resolution Request Date" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) below. An Eligible Market Participant is any party that is a party to a credit derivatives transaction that has, or is deemed to have, incorporated the "2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions" or the "2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions" in a confirmation (which may include, where applicable, the Issuer, the Calculation Agent or one of their affiliates). The delivery of any such notice and any subsequent resolution made by the Credit Derivatives Determinations Committee may affect the rights of Securityholders to receive payments of interests and principal under the relevant N&C Securities, including a reduction in those payments and/or such payments being made on a date which is earlier or later than would otherwise be the case. Subject to regulatory obligations, none of the Issuer or the Calculation Agent or any of its affiliates will take into account interests of Securityholders if acting as an Eligible Market Participant.

(v) ***Credit Event and Succession Event Backstop Dates***

In respect of a Credit Event relating to a Series of Credit Linked N&C Securities, a Credit Event will not be determined by the Credit Derivatives Determinations Committee unless a request is submitted to ISDA for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event within sixty (60) calendar days of the occurrence of such potential Credit Event unless a Credit Event Determination Date has already occurred with respect to such event. For Succession Events the look-back period is ninety (90) calendar days and functions similarly. These provisions mean that there is a time limit on the ability to act on a Credit Event or Succession Event and that it is possible that the N&C Securities could be affected by a Credit Event or Succession Event that took place prior to the Trade Date if Auction Settlement is specified as the applicable Settlement Method for a Series of N&C Securities in the relevant Pricing Supplement.

(vi) ***Settlement Suspension, Adjustments and Interest Provisions***

The Credit Linked Conditions provide that, if, following the determination of a Credit Event Determination Date in accordance with sub-paragraph (a) of the definition of Credit Event Determination Date but prior to the Physical Settlement Date or, to the extent applicable, a Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to determine the occurrence of a Credit Event have been met, the Calculation Agent may at its option determine that the applicable timing requirements of the Credit Linked Conditions and the definitions of Credit Event Redemption Date, Valuation Date, Physical Settlement Period, and any other Credit Linked Condition as determined by the Calculation Agent in its sole discretion, shall toll and be suspended and remain suspended

## ***Risk Factors***

(such period of suspension, a "**Suspension Period**") until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has resolved (a) that a Credit Event has or has not occurred or (b) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has made such resolution, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA.

In the event of any such Suspension Period, the Calculation Agent may make (i) such consequential or other adjustment(s) or determination(s) to or in relation to the Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (ii) determine the effective date of such adjustment(s) or determination(s).

In the case of interest bearing N&C Securities, the Issuer shall be obliged to pay interest calculated in accordance with N&C Security Condition 5 (Interest) and the Credit Linked Conditions provided that:

- (i) if a Suspension Period falls in any one or more Interest Period(s), then no interest shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (ii) if an Interest Payment Date falls in a Suspension Period, such Interest Payment Date will be deferred until after the end of the Suspension Period.

(vii) ***Amendment of Credit Linked Conditions in accordance with the terms of the N&C Securities***

In addition to any amendments the Calculation Agent may make from time to time to the provisions of the Credit Linked Conditions in accordance with market convention (described above), the Credit Linked Conditions themselves contain certain provisions which permit the Calculation Agent in certain circumstances to make certain adjustments to such Credit Linked Conditions. Such adjustments may affect both payments made to Securityholders under the N&C Securities and the timing of any such payments.

(viii) ***Failure to deliver an Asset Transfer Notice in respect of physically settled Credit Linked N&C Securities***

Where, in respect of any Credit Linked N&C Securities, Physical Settlement is specified as the relevant Settlement Method or applies as the relevant Fallback Settlement Method, and a Securityholders does not deliver a valid Asset Transfer Notice as contemplated under the Credit Linked Conditions, the Issuer may, but is not required to, elect to deliver to the relevant clearance system(s) the aggregate Asset Amount in respect of such N&C Securities, to be divided between and delivered to the relevant Securityholders by the relevant clearance system(s) in accordance with the rules of the relevant clearance system(s) but no assurance is given as to the effect of such rules or other clearance system practices for any such Securityholders.

(ix) ***Settlement Disruption Event and Failure to Deliver due to Illiquidity***

In the case of Credit Linked N&C Securities which are physically settled if all or some of the Deliverable Obligations included in the Asset Amount 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 65th Business Day following the Physical Settlement Date, failing which the Issuer shall give notice to the Securityholders and shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

5.11 ***Risks relating to Inflation Index Linked Securities***

The Issuer may issue Inflation Index Linked Securities where the amount of principal and/or interest or the settlement amount payable are dependent upon the level of an inflation/consumer price index or indices and/or whether the level of inflation/consumer price index or indices is equal to, above or below one or more specified levels.



## ***Risk Factors***

If the amount of principal and/or interest or the settlement amount payable are determined by reference to the least performing inflation/consumer price index in a basket of inflation/consumer price indices, then investors will not receive any benefit from the better performing inflation/consumer price indices in the basket.

**Potential investors in any such Securities should be aware that depending on the terms of the Inflation Index Linked Securities (i) they may receive no interest or a limited amount of interest, (ii) a change in the value of the inflation/consumer price index/indices may result in an early redemption or cancellation of their Securities, (iii) payment of principal, interest or the settlement amount may occur at a different time than expected and (iv) they may lose all or a substantial portion of their investment.** In addition, the movements in the level of the inflation/consumer price index or 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 return to investors, even if the average level is consistent with their expectations.

Inflation Index Linked Securities may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant level of inflation/consumer price index or indices. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Securities and consequently adversely affect the value of the Securities. In addition certain extraordinary or disruption events may lead to early termination of the Securities which may have an adverse effect on the value of the Securities. Whether and how such provisions apply to the relevant Securities can be ascertained by reading the Inflation Linked Conditions in conjunction with the applicable Pricing Supplement.

If the amount of principal and/or interest or the settlement amount payable are 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 inflation/consumer price index or the indices on principal or interest payable will be magnified.

A relevant consumer price index or other formula linked to a measure of inflation to which the Securities are linked may be subject to significant fluctuations that may not correlate with other indices. Any movement in the level of the index may result in a reduction of the interest payable on the N&C Securities (if applicable) or, in the case of Securities with a redemption amount or settlement amount linked to inflation, in a reduction of the amount payable on redemption or settlement which in some cases could be less than the amount originally invested or zero.

The timing of changes in the relevant consumer price index or other formula linked to the measure of inflation comprising the relevant index or indices may affect the actual yield to investors on the Securities, even if the average level is consistent with their expectations.

An index to which interest payments and/or the redemption amount or settlement amount of Inflation Index Linked Securities are linked is only one measure of inflation for the relevant jurisdiction, and such Index may not correlate perfectly with the rate of inflation experienced by Securityholders in such jurisdiction.

The market price of Inflation Index Linked Securities may be volatile and may depend on the time remaining to the maturity date or expiration and the volatility of the level of the index or indices. The level of the inflation/consumer price 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 inflation/consumer price index or indices may be traded.

### **5.12 *Risks relating to Property Index Linked Securities***

The Issuer may issue Property Linked Securities where the amount of principal and/or interest or the settlement amount payable are dependent upon the level of a property index or indices and/or whether the level of property index or property indices is equal to, above or below one or more specified levels.

If the amount of principal and/or interest or the settlement amount payable are determined by reference to the worst performing property index in a basket of property indices, then investors will not receive any benefit from the better performing property indices in the basket.

## ***Risk Factors***

**Potential investors in any such Securities should be aware that depending on the terms of the Property Linked Securities (i) they may receive no interest or a limited amount of interest, (ii) a change in the value of the property index/indices may result in an early redemption or cancellation of their Securities, (iii) payment of principal, interest or the settlement amount occur at a different time than expected and (iv) they may lose all or a substantial portion of their investment.** In addition, the movements in the level of the property index or 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 return to investors, even if the average level is consistent with their expectations.

Property Linked Securities may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant property index or indices. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Securities and consequently adversely affect the value of the Securities which may have an adverse effect on the value of the Securities. In addition certain extraordinary or disruption events may lead to early termination of the Securities. Whether and how such provisions apply to the relevant Securities can be ascertained by reading the Property Linked Conditions in conjunction with the applicable Pricing Supplement.

If the amount of principal and/or interest or the settlement amount payable are 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 property index or the indices on principal or interest payable will be magnified.

The market price of Property Linked Securities may be volatile and may depend on the time remaining to the maturity date and the volatility of the level of the index or indices. The level of the property 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 property index or indices may be traded.

### **5.13 *Risks relating to Dual Currency N&C Securities***

***Investment in Dual Currency N&C Securities may be negatively affected by changes in exchange rates and exchange controls***

With respect to an investment in Dual Currency N&C Securities that are denominated and/or payable in a Specified Currency, there will be significant risks associated with such an investment, including the possibility of material changes in the exchange controls by the applicable governments. The Issuer and the Guarantor have no control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for the applicable currencies. Moreover, if payments on Dual Currency N&C Securities are determined by reference to a formula containing a multiplier or leverage factor, the effect of any change in the exchange rates between the applicable currencies will be magnified. In recent years, exchange rates between certain currencies have been highly volatile and volatility between such currencies or with other currencies may be expected in the future. Fluctuations between currencies in the past are not necessarily indicative, however, of fluctuations that may occur in the future. Depreciation of the payment currency would result in a decrease in the equivalent yield of the Dual Currency N&C Securities, in the equivalent value of the principal generally, and in the equivalent market value of the Dual Currency N&C Securities. Governmental exchange controls could affect exchange rates and the availability of the payment currency on a required payment date. Even if there are no exchange controls, it is possible that the payment currency will not be available on a required payment date due to circumstances beyond the Issuer's or the Guarantor's control.

## **6. Risk factors relating to the Issuer, the Guarantor and the Group**

### **6.1 *The Group's operating results, financial condition and prospects may be materially impacted by economic conditions in the U.K.***

The Group's business activities are concentrated in the U.K. and on the offering of mortgage, loan deposits and banking and savings related products and services to retail and corporate customers. As a consequence, the Group's operating results, financial condition and prospects are significantly affected by economic conditions in the U.K. generally.

## ***Risk Factors***

The Group's financial performance is intrinsically linked to the UK economy. Whilst evidence of recovery has emerged, the possibility of a renewed economic downturn, along with its concomitant impacts on our profitability, remains a real risk. Conversely, strengthened UK economic performance may increase the possibility of a higher interest rate environment. In such a scenario other market participants might offer more competitive product pricing resulting in increased customer attrition.

Uncertainty surrounding the future of the eurozone is less acute than before, but slow growth increase may pose a risk of a further slowdown in the UK's principal export markets which would have an adverse effect on the broader UK economy.

Adverse changes in the credit quality of the Group's borrowers and counterparties or a general deterioration in U.K. or global economic conditions could reduce the recoverability and value of the Group's assets and require an increase in the Group's level of provisions for bad and doubtful debts. Likewise, a significant reduction in the demand for the Group's products and services could negatively impact its business and financial condition. U.K. economic conditions and uncertainties may have an adverse effect on the quality of the Group's loan portfolio and may result in a rise in delinquency and default rates. There can be no assurance that the Group will not have to increase its provisions for loan losses in the future as a result of increases in non-performing loans or for other reasons beyond its control. Material increases in the Group's provisions for loan losses and write-offs or charge-offs could have an adverse effect on its operating results, financial conditions and prospects.

The U.K. Government has taken measures to address the exceptionally high level of national debt, including tax increases and public spending cuts. Credit quality could be adversely affected by a renewed increase in unemployment. Any related significant reduction in the demand for the Group's products and services, could have a material adverse effect on its operating results, financial condition and prospects.

### **6.2 *The Group is vulnerable to disruptions and volatility in the global financial markets***

In the past six years, financial systems worldwide have experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. Global economic conditions deteriorated significantly between 2007 and 2009 and many countries, including the U.K., went through a prolonged recession. Many major financial institutions, including some of the world's largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies, experienced significant difficulties. Around the world, there were runs on deposits at several financial institutions, numerous institutions sought additional capital or were assisted by central banks and governments providing liquidity, whilst many lenders and institutional investors reduced or ceased providing funding to borrowers (including to other financial institutions). The global economic slowdown, and the downturn in the U.K. in particular, had a negative impact on the U.K. economy and adversely affected the Group's business.

In particular, the Group may face, among others, the following risks related to an economic downturn:

- Increased regulation of its industry. Compliance with such regulation may increase the Group's costs, may affect the pricing for its products and services, and limit its ability to pursue business opportunities.
- Reduced demand for the Group's products and services.
- Inability of the Group's borrowers to comply fully or in a timely manner with their existing obligations.
- The process the Group uses to estimate losses inherent in its credit exposure requires complex judgments, including forecasts of economic conditions and how such conditions may impair the ability of the Group's borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of the Group's estimates, which may, in turn, impact the reliability of the process and the sufficiency of our loans loss allowances.
- The value and liquidity of the portfolio of investment securities that the Group holds may be adversely affected.

## ***Risk Factors***

- Any worsening of the global economic conditions may delay the recovery of the international financial industry and impact the Group's operating results, financial condition and prospects.
- Adverse macroeconomic shocks may negatively impact the household income of the Group's retail customers and may adversely affect the recoverability of retail loans, resulting in increased loan losses.

Despite recent improvements in certain segments of the global economy, uncertainties remain concerning the future economic environment. There can be no assurance that economic conditions in these segments will continue to improve or that the global economic condition as a whole will improve significantly. Such economic uncertainties could have a negative impact on the Group's business and results of operations. Investors remain cautious and, for example, the downgrade of the certain sovereign debt, has induced greater volatility in the capital markets. A slowing or failing of the economic recovery would likely aggravate the adverse effects of these difficult economic and market conditions on the Group and on others in the financial services industry.

Continued or worsening disruption and volatility in the global financial markets could have a material adverse effect on the Group, including its ability to access capital and liquidity on financial terms acceptable to it, if at all. If capital markets financing ceases to become available, or becomes excessively expensive, the Group may be forced to raise the rates it pays on deposits to attract more customers and become unable to maintain certain liability maturities. Any such increase in capital markets funding costs or deposit rates could have a material adverse effect on the Group's interest margins and liquidity.

If all or some of the foregoing risks were to materialise, this could have a material adverse effect on the Group.

### **6.3 *The Group is subject to liquidity requirements that could limit its operations, and changes to these requirements may further limit and adversely affect the Group's operating results, financial condition and prospects***

On 5 October 2009, the FSA published liquidity rules which significantly broadened the scope of the existing liquidity regime. These were designed to enhance regulated firms' liquidity risk management practices. As part of these reforms, the FSA implemented requirements for financial institutions to hold prescribed levels of specified liquid assets and have in place other sources of liquidity to address the institution-specific and market-wide liquidity risks that institutions may face in short-term and prolonged stress scenarios. These rules have applied to the Group since June 2010 with some subsequent technical revisions.

In addition to the changes to the capital adequacy framework published in December 2010 described above, the Basel Committee also published its global quantitative liquidity framework, comprising the Liquidity Coverage Ratio ("**LCR**") and Net Stable Funding Ratio ("**NSFR**") metrics, with objectives to (1) promote the short-term resilience of banks' liquidity risk profiles by ensuring they have sufficient high-quality liquid assets to survive a significant stress scenario; and (2) promote resilience over a longer time horizon by creating incentives for banks to fund their activities with more stable sources of funding on an ongoing basis. The LCR was subsequently revised by the Basel Committee in January 2013. These revisions amended the definition of high-quality liquid assets and agreed a revised timetable for phase-in of the standard from 2015 to 2019, as well as making some technical changes to some of the stress scenario assumptions.

As with the Basel Committee's proposed changes to the capital adequacy framework, the Basel III liquidity standards are being implemented within the European Union through CRD IV. As mentioned above, CRD IV substantially reflects the Basel III liquidity standards and the applicable implementation timeframes. However, various related issues remain under discussion, particularly on the detail of final liquidity and leverage rules. In January 2014 the Basel Committee published amendments to the Leverage Ratio and technical revisions to the NSFR ratio, confirming that it remains the intention that the latter ratio, including any future revisions, will become a minimum standard by 1 January 2018. Also, in January 2014, the Basel Committee proposed uniform disclosure standards related to the LCR and issued a new modification to the ratio, which should be adopted by banks from 1 January 2015.

There is a risk that implementing and maintaining enhanced liquidity risk management systems may incur significant costs, and more stringent requirements to hold liquid assets may materially affect the Group's lending business as more funds may be required to acquire or maintain a liquidity buffer, thereby reducing future profitability.

## ***Risk Factors***

### **6.4 *Exposure to U.K. Government debt could have a material adverse effect on the Group***

Like many other U.K. banks, the Group invests in debt securities of the U.K. Government largely for liquidity purposes. As of 31 December 2013, approximately 1 per cent. of the Group's total assets and 28 per cent. of its securities portfolio were comprised of debt securities issued by the U.K. Government. Any failure by the U.K. Government to make timely payments under the terms of these securities, or a significant decrease in their market value, will have a material adverse effect on the Group.

### **6.5 *The Group may suffer adverse effects as a result of the continued economic and sovereign debt tensions in the eurozone***

Eurozone markets and economies continue to show signs of fragility and volatility, with recession in several economies and only sporadic access to capital markets in others. Interest rate differentials among eurozone countries indicate continued doubts about some governments' ability to fund themselves and affect borrowing rates in those economies. Further, the possibility remains that one or more eurozone countries could depart from the euro or that the euro could be abandoned as a currency altogether, which could have negative effects on both existing contractual relations and the fulfilment of obligations by the Group, our counterparties and/or our customers. This in turn would have a material adverse effect on the operating results, financial position and prospects of the Group.

There is currently no established legal or practical framework to facilitate a member state's exit from the euro. Apart from the exit process, uncertainties that heighten the risk of re-denomination include how an exiting member state would deal with its existing euro-denominated assets and liabilities and the valuation of any newly-adopted currency against the euro. These uncertainties make it impossible to predict what our losses might be as a result of any member state's decision to exit the euro.

A wide-scale break-up of the eurozone would most likely be associated with a deterioration in the economic and financial environment in the UK and could have a material adverse impact on the whole financial sector, creating new challenges in sovereign and corporate lending and resulting in significant disruptions in financial activities at both the market and retail levels. This could materially and adversely affect the operating results, financial condition and prospects of the Group.

The European Central Bank and European Council took action in 2012 and 2013 with the aim of reducing the risk of contagion in the eurozone and beyond. These included the creation of the Open Market Transaction facility of the ECB and the decision by eurozone governments to progress towards the creation of a banking union. Nonetheless, a significant number of financial institutions throughout Europe have substantial exposures to sovereign debt issued by eurozone nations which are under severe financial stress. Should any of those nations default on their debt, or experience a significant widening of credit spreads, major financial institutions and banking systems throughout Europe could be destabilised, resulting in the further spread of the ongoing economic crisis.

The continued high cost of capital for some European governments was felt in the wholesale markets in the U.K., which has resulted in an increase in the cost of retail funding and greater competition in a savings market that is growing slowly by historical standards. In the absence of a permanent resolution of the eurozone crisis, conditions could deteriorate.

Although the Group conducts the majority of its business in the UK, it has direct and indirect exposure to financial and economic conditions throughout the eurozone economies. In addition, general financial and economic conditions in the UK, which directly affect the Group's operating results, financial condition and prospects, may deteriorate as a result of conditions in the eurozone.

### **6.6 *Despite our risk management policies, procedures and methods, the Group may nonetheless be exposed to unidentified or unanticipated risks.***

The management of risk is an integral part of the Group's activities. The Group seeks to monitor and manage its risk exposure through a variety of separate but complementary financial, credit, market, operational, compliance and legal reporting systems. While the Group employs a broad and diversified set of risk monitoring and risk mitigation techniques, such techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that the Group fail to identify or anticipate.

## ***Risk Factors***

Some of the Group qualitative tools and metrics for managing risk are based upon our use of observed historical market behaviour. The Group applies statistical and other tools to these observations to arrive at quantifications of our risk exposures. These qualitative tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the Group did not anticipate or correctly evaluate in its statistical models. This would limit the Group's ability to manage its risks. The Group's losses thus could be significantly greater than the historical measures indicate. In addition, the Group's quantified modelling does not take all risks into account. The Group's more qualitative approach to managing those risks could prove insufficient, exposing the Group to material unanticipated losses. If existing or potential customers believe the Group's risk management is inadequate, they could take their business elsewhere. This could have a material adverse effect on the operating results, financial condition and prospects of the Group.

### ***6.7 The Group's loan portfolio is subject to risk of prepayment, which could have a material adverse effect on it***

The Group's loan portfolio is subject to prepayment risk, which results from the ability of a borrower or issuer to pay a debt obligation prior to maturity. Generally, in a declining interest rate environment, prepayment activity increases, which reduces the weighted average lives of the Group's earning assets, and could have a material adverse effect on it. The Group would also be required to amortise net premiums into income over a shorter period of time, thereby reducing the corresponding asset yield and net interest income. Prepayment risk also has a significant adverse impact on credit card and collateralised mortgage loans, since prepayments could shorten the weighted average life of these assets, which may result in a mismatch in the Group's funding obligations and reinvestment at lower yields. Prepayment risk is inherent to the Group's commercial activity and an increase in prepayments could have a material adverse effect on it.

### ***6.8 The value of the collateral, including real estate, securing the Group's loans may not be sufficient, and it may be unable to realise the full value of the collateral securing its loan portfolio***

The value of the collateral securing the Group's loan portfolio may significantly fluctuate or decline due to factors beyond the Group's control, including macroeconomic factors affecting the UK's economy. The residential mortgage loan portfolio is one of the Group's principal assets, comprising 83 per cent. of the Group's loan portfolio as of 31 December 2013. As a result, the Group is highly exposed to developments in the residential property market in the U.K.

The housing market has performed stronger than anticipated in 2013, with an increase in both house prices and the volume of property transactions. However, these increases have not so far resulted in strong growth in net mortgage lending in the market. Any further increase in house prices may be limited by the high level of prices relative to household earnings given the continued weakness seen in real earnings growth. The depth of the previous house price declines as well as the continuing uncertainty as to the extent and sustainability of the U.K. economic recovery will mean that losses could be incurred on loans should they go into possession.

The value of the collateral securing the Group's loan portfolio may also be adversely affected by force majeure events, such as natural disasters like floods or landslides. Any force majeure event may cause widespread damage and could have an adverse impact on the economy of the affected region and may therefore impair the asset quality of the Group's loan portfolio in that area.

The Group may also not have sufficiently up-to-date information on the value of collateral, which may result in an inaccurate assessment for impairment losses of its loans secured by such collateral. If this were to occur, the Group may need to make additional provisions to cover actual impairment losses of its loans, which may materially and adversely affect its results of operating results, financial condition and prospects.

### ***6.9 Failure to successfully implement and continue to improve the Group's credit risk management system could materially and adversely affect its business***

As a commercial bank one of the main types of risks inherent in the Group's business is credit risk. For example, an important feature of the Group's credit risk management system is to employ its own credit rating system to assess the particular risk profile of a customer. This system is primarily generated internally but, in the case of counterparties with a global presence, also builds off the credit assessment assigned by other Santander Group members. As this process involves detailed analyses of the customer or credit risk, taking into account both quantitative and qualitative factors, it is subject to human error. In exercising their judgment, the Group's employees may not always be able to assign an accurate

## ***Risk Factors***

credit rating to a customer or credit risk, which may result in its exposure to higher credit risks than indicated by the Group's risk rating system.

In addition, the Group has refined its credit policies and guidelines to address potential risks associated with particular industries or types of customers, such as affiliated entities and Group customers. However, the Group may not be able to timely detect these risks before they occur, or due to limited tools available to it, its employees may not be able to effectively implement them, which may increase the Group's credit risk. Failure to effectively implement, consistently follow or continuously refine the Group's credit risk management system may result in an increase in the level of non-performing loans and a higher risk exposure for the Group, which could have a material adverse effect on it.

### **Exposure to UK political developments could have a material adverse effect on the Group.**

The outcome of any future UK political developments, including but not limited to any changes in government structure and policies, could affect the fiscal, monetary and regulatory landscape to which the Santander UK Group is subject and therefore no assurance can be given that our operating results, financial condition and prospect would not be adversely impacted as a result.

#### **6.10 *The Group is exposed to risks faced by other financial institutions***

The Group routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual funds, hedge funds and other institutional clients. Defaults by, and even rumours or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by other institutions. Many of the routine transactions that the Group enters into expose it to significant credit risk in the event of default by one of its significant counterparties. The European sovereign debt crisis and the risk it poses to financial institutions throughout Europe have had, and may continue to have, an adverse effect on interbank financial transactions in general. A default by a significant financial counterparty, or liquidity problems in the financial services industry generally, could have a material adverse effect on the Group.

#### **6.11 *Liquidity and funding risks are inherent in the Group's business and could have a material adverse effect on the Group***

Liquidity risk is the risk that the Group, although solvent, either does not have available sufficient financial resources to meet its obligations as they fall due or can secure them only at excessive cost. This risk is inherent in any retail and commercial banking business and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation. While the Group implements liquidity management processes to seek to mitigate and control these risks, unforeseen systemic market factors in particular make it difficult to eliminate completely these risks. Adverse and continued constraints in the supply of liquidity, including inter-bank lending, has affected and may again materially and adversely affect the cost of funding the Group's business, and extreme liquidity constraints may affect the Group's current operations as well as limit growth possibilities.

Continued or worsening disruption and volatility in the global financial markets could have a material adverse effect on the Group's ability to access capital and liquidity on financial terms acceptable to it.

The Group's cost of obtaining funding is directly related to prevailing market interest rates and to its credit spreads. Increases in interest rates and the Group's credit spreads can significantly increase the cost of its funding. Changes in the Group's credit spreads are market-driven, and may be influenced by market perceptions of its creditworthiness. Changes to interest rates and the Group's credit spreads occur continuously and may be unpredictable and highly volatile.

If wholesale markets financing ceases to become available, or becomes excessively expensive, the Group may be forced to raise the rates it pays on deposits, with a view to attracting more customers, and/or to sell assets, potentially at depressed prices. The persistence or worsening of these adverse market conditions or an increase in base interest rates could have a material adverse effect on the Group's ability to access liquidity and cost of funding (whether directly or indirectly).

## ***Risk Factors***

Although central banks around the world have made coordinated efforts to increase liquidity in the financial markets, by taking measures such as increasing the amounts they lend directly to financial institutions, lowering interest rates and ensuring that currency swaps markets remain liquid, it is only gradually becoming known internationally how long these central bank schemes will continue or on what terms. The slowing of loose monetary policy in the US from the second half of 2013 initially led to some market disruption with direct impacts on emerging markets which experienced a withdrawal of offshore funds. The European Central Bank has yet to clarify its longer term approach to liquidity support. In October 2013, the Bank of England updated its Sterling Monetary Framework to provide more transparent liquidity insurance support in exceptional circumstances. The indexed Long Term Repo Facility will now be available to support regular bank requirements for liquidity while the Discount Window Facility has been reinforced as support for banks experiencing idiosyncratic stress. The Extended Collateral Term Repo will be made available to support markets in the event of a market wide liquidity stress. The Bank of England and HM Treasury announced changes to the terms of the Funding for Lending Scheme ("**FLS**") on 28 November 2013 to re-focus the incentives in the revised scheme towards supporting business lending in 2014. The FLS extension will allow participants to draw from the scheme from February 2014 until January 2015, but beginning in 2014 household lending will no longer generate any additional borrowing allowances as it did in the initial scheme. Instead additional allowances will now only reflect lending to businesses in 2014. Any initial borrowing allowances in the FLS extension already earned by household and business lending in 2013 will be unaffected. As at 31 December 2013, the Group has drawn £100m of U.K. treasury bills under the FLS.

The availability of Bank of England facilities for U.K. financial institutions, to the extent that they provide the Group with access to cheaper and more attractive funding than other sources, reduces the Group's reliance on retail or wholesale markets. To the extent that the Group makes use of Bank of England facilities, any significant reduction or withdrawal of those facilities would increase the Group's funding costs.

Each of the factors described above – the persistence or worsening of adverse market conditions, and the lack of availability, or withdrawal, of such central bank schemes or an increase in base interest rates – could have a material adverse effect on the Group's ability to access liquidity and cost of funding (whether directly or indirectly).

The Group aims for a funding structure that is consistent with its assets, avoids excessive reliance on short term wholesale funding, attracts enduring commercial deposits and provides diversification in products and tenor. The Group therefore relies, and will continue to rely, on commercial deposits to fund a significant proportion of lending activities. The ongoing availability of this type of funding is sensitive to a variety of factors outside the Group's control, such as general economic conditions and the confidence of commercial depositors in the economy, in general, and the financial services industry in particular, and the availability and extent of deposit guarantees, as well as competition between banks for deposits. Any of these factors could significantly increase the amount of commercial deposit withdrawals in a short period of time, thereby reducing the Group's ability to access commercial deposit funding on appropriate terms, or at all, in the future.

The Group anticipates that its customers will continue to make short-term deposits (particularly demand deposits and short-term time deposits), and the Group intends to maintain its emphasis on the use of banking deposits as a source of funds. The short-term nature of this funding source could cause liquidity problems for the Group in the future if deposits are not made in the volumes it expects or are not renewed. If a substantial number of the Group's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, the Group may be materially and adversely affected.

A sudden or unexpected shortage of funds in the banking system could lead to increased funding costs, a reduction in the term of funding instruments or require the Group to liquidate certain assets. If these circumstances were to arise, this could have a material adverse effect on the Group's operating results, financial condition and prospects.

### **6.12 *The Group is subject to regulatory capital and leverage requirements that could limit its operations, and changes to these requirements may further limit and adversely affect its operating results, financial condition and prospects***

The Group is subject to capital adequacy requirements applicable to banks and adopted by the Prudential Regulation Authority (the "**PRA**") of the Bank of England which provide for a minimum ratio of total capital to risk-adjusted assets both on a consolidated basis and on a solo consolidated basis (the basis used by the PRA solely for the purpose of the calculation of capital resources and capital resources requirements, which measure the capital of Santander UK and certain subsidiaries) and in 2013 included a minimum ratio of Core Tier 1 capital to risk-weighted assets on a consolidated basis.



## ***Risk Factors***

From 2014 the Group will be subject to a minimum ratio of Common Equity Tier 1 capital to risk-weighted assets, Tier 1 capital to risk-weighted assets and total capital to risk-weighted assets each on both a consolidated basis and on a solo-consolidated basis. Any failure by the Group to maintain its ratios may result in administrative actions or sanctions which may affect the Group's ability to fulfil its obligations.

In response to the recent financial crisis, the PRA imposed more stringent capital adequacy requirements. For instance, the PRA adopted a supervisory approach in relation to certain large U.K. banks, including the Guarantor, under which those banks were expected to maintain Core Tier 1 capital in excess of the minimum levels required by the then existing rules and guidance of the PRA. The PRA has continued to impose such higher capital requirements and the Group have been required to hold Core Tier 1 capital reserves equivalent to at least 7 per cent. of its risk-weighted assets and to maintain a 3% Tier 1 leverage ratio. In the future, the PRA may impose further higher capital requirements and also increase capital ratios as part of the implementation of UK macro-prudential capital regulation tools.

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") proposed comprehensive changes to the capital adequacy framework, known as Basel III. A revised version of these proposals was issued in June 2011. The reforms to the regulatory capital framework were proposed to raise the resilience of the banking sector, through increasing both the quality and quantity of the regulatory capital base and enhancing the risk coverage of the capital framework. As part of these reforms, the amount and quality of capital that institutions are required to hold was raised, innovative Tier 1 capital instruments with an incentive to redeem were to be phased out and the rules for determining Tier 2 capital instruments were to be harmonised. Basel III also requires institutions to build counter-cyclical capital buffers that could be drawn upon in stress periods and to hold a capital conservation buffer above minimum capital ratio levels, which have the effect of raising the minimum level of tangible common equity capital from 2 per cent. to 7 per cent. of risk-weighted assets. In addition, a leverage ratio was proposed for institutions as a backstop, which would be applied alongside current risk-based regulatory capital requirements.

The Basel Committee has also proposed introducing additional capital requirements for systemically important institutions from 2016.

The implementation of Basel III in the European Union is being performed through the Capital Requirements Directive IV and the Capital Requirements Regulation ("**CRD IV**") legislative package. CRD IV was published in the Official Journal on 27 June 2013 and came into effect on 1 January 2014, with particular requirements being phased in over a period of time to be effective by 2019, although requirements relating to certain deductions from Common Equity Tier 1 could be delayed until 2024. CRD IV substantially reflects the Basel III capital and liquidity standards and facilitates the applicable implementation timeframes. However, certain issues continue to remain under discussion and certain details remain to be clarified in further binding technical standards to be issued by the European Banking Authority. On 19 December 2013, the PRA published its rules and supervisory statements associated with the implementation of CRD IV, which cover prudential rules for banks, building societies and investment firms.

In addition to Basel III and CRD IV, regulators in the U.K. and worldwide have produced a range of proposals for future legislative and regulatory changes which could force the Group to comply with certain operational restrictions or take steps to raise further capital, or could increase the Group's expenses, or otherwise adversely affect its operating results, financial condition and prospects. These include:

- the introduction of recovery and resolution planning requirements (popularly known as "living wills") for banks and other financial institutions as contingency planning for the failure of a financial institution that may affect the stability of the financial system as set out in the PRA's final rules on recovery and resolution planning which came into force on 1 January 2014;
- the introduction of more regular and detailed reporting obligations;
- a move to pre-funding of the deposit protection scheme in the U.K.; and
- proposed revisions to the approaches for determining trading book capital requirements and banking book risk-weighted assets from the Basel Committee.

## ***Risk Factors***

These measures could have a material adverse effect on the Group's operating results, and consequently on our financial condition and prospects. There is a risk that changes to the U.K.'s capital adequacy regime (including any increase to the minimum leverage ratio) may result in increased minimum capital requirements, which could reduce available capital for business purposes and thereby adversely affect the Group's profitability and ability to pay dividends, continue organic growth (including increased lending) or pursue acquisitions or other strategic opportunities (alternatively, the Group could restructure its balance sheet to reduce the capital charges incurred pursuant to the PRA's rules in relation to the assets held, or raise additional capital but at increased cost and subject to prevailing market conditions). In addition, changes to the eligibility criteria for Tier 1 and Tier 2 capital may affect the Group's ability to raise Tier 1 and Tier 2 capital and impact the recognition of existing Tier 1 and Tier 2 capital resources in the calculation of the Group's capital position.

The Group's business could be affected if its capital is not managed effectively or if these measures limit its ability to manage its balance sheet and capital resources effectively or to access funding on commercially acceptable terms. Effective management of the Group's capital position is important to its ability to operate its business, to continue to grow organically and to pursue its business strategy.

6.13 ***A movement in the external Group's credit rating would likely increase cost of funding, require the Group to post additional collateral or take other actions under some of the Group's derivative contracts and adversely affect the Group's interest margins and results of operations***

Credit ratings can in some instances affect the cost and other terms upon which the Group is able to obtain funding. Credit rating agencies regularly evaluate the Group, and the credit rating of the institution and its debt in issue are based on a number of factors, including the Group's financial strength and that of the UK economy, conditions affecting the financial services industry generally and the willingness and ability of the UK Government to provide support to systemically important UK banks.

Any downgrade in the Group's credit ratings could increase its borrowing costs and could require the Group to post additional collateral or take other actions under some of its derivative contracts, and could limit its access to capital markets and adversely affect its commercial business. For example, a credit rating downgrade could adversely affect the Group's ability to sell or market certain of its products, engage in certain longer-term transactions and derivatives transactions and retain its customers, particularly customers who need a minimum rating threshold in order to invest. In addition, under the terms of certain of the Group's derivative contracts, it may be required to maintain a minimum credit rating or otherwise its counterparties may be able to terminate such contracts. Any of these results of a credit rating downgrade could, in turn, reduce the Group's liquidity and have an adverse effect on the Group, including its operating results, financial condition and prospects. For example, the Group estimates that as at 31 December 2013, if Fitch, Moody's and S&P were concurrently to downgrade its long-term credit ratings by one notch, and thereby trigger a short-term credit rating downgrade, this could result in an outflow of £7.6bn of cash and collateral. A hypothetical two notch downgrade would result in an outflow of £9.5bn of cash and collateral. However, while certain potential impacts are contractual and quantifiable, the full consequences of a credit rating downgrade are inherently uncertain, as they depend upon numerous dynamic, complex and inter-related factors and assumptions, including market conditions at the time of any downgrade, whether any downgrade of a firm's long-term credit rating precipitates downgrades to its short-term credit rating, and assumptions about the potential behaviours of various customers, investors and counterparties. Actual outflows could be higher or lower than this hypothetical example, depending upon certain factors including any management or restructuring actions that could be taken to reduce cash outflows and the potential liquidity impact from loss of unsecured funding (such as from money market funds) or loss of secured funding capacity.

Although unsecured and secured funding stresses are included in the Group's stress testing scenarios and a portion of the Group's total liquid assets is held against these risks, it is still the case that a credit rating downgrade could have a material adverse effect on the Group. In addition, if certain counterparties terminated derivative contracts with the Group and the Group is unable to replace such contracts, the market risk profile of the Group could be altered.

Likewise, a downgrade of the U.K. sovereign credit rating, or the perception that such a downgrade may occur, may have a material adverse effect on the Group's operating results, financial condition, prospects and the marketability and trading value of the Group's securities. This might also impact on the Group's own credit rating, borrowing costs and its ability to

## ***Risk Factors***

secure funding. A U.K. sovereign credit rating downgrade or the perception that such a downgrade may occur could also have a material effect in depressing consumer confidence, restricting the availability, and increasing the cost, of funding for individuals and companies, further depressing economic activity, increasing unemployment and/or reducing asset prices.

In light of the difficulties in the financial services industry and the financial markets, there can be no assurance that the credit rating agencies will maintain the Group's current credit ratings or outlooks. The Group's failure to maintain favourable credit ratings and outlooks could increase the Group's cost of funding and adversely affect the Group's interest margins, which could have a material negative effect on it.

6.14 ***The Group's financial results are constantly exposed to market risk. The Group is subject to fluctuations in interest rates and other market risks, which may materially and adversely affect it***

Market risk refers to the probability of variations in the Group's net interest income or in the market value of the Group's assets and liabilities due to volatility of interest rate, exchange rate or equity price. Changes in interest rates affect the following areas, among others, of the Group's business:

- net interest income;
- the volume of loans originated;
- the market value of the Group's securities holdings;
- gains from sales of loans and securities; and
- gains and losses from derivatives.

Variations in short-term interest rates could affect the Group's net interest income, which comprises the majority of its revenue, reducing its growth rate and might even result in losses. When interest rates rise, the Group may be required to pay higher interest on its floating-rate borrowings while interest earned on its fixed-rate assets does not rise as quickly, which could cause profits to grow at a reduced rate or decline in some parts of the Group's portfolio. Interest rate variations could adversely affect the Group, including the Group's net interest income, reducing its growth rate or even resulting in losses. Interest rates are highly sensitive to many factors beyond the Group's control, including increased regulation of the financial sector, monetary policies, domestic and international economic and political conditions and other factors.

Increases in interest rates may reduce the volume of loans the Group originates. Sustained high interest rates have historically discouraged customers from borrowing and have resulted in increased delinquencies in outstanding loans and deterioration in the quality of assets. Increases in interest rates may also reduce the propensity of the Group's customers to prepay or refinance fixed-rate loans, reduce the value of the Group's financial assets and reduce gains or require the Group to record losses on sales of its loans or securities.

If interest rates decrease, although this is likely to reduce the Group's funding costs, it is likely to compress our interest margin, as well as adversely impacting the income the Group receives arising from the Group's investments in securities and loans with similar maturities which could have a negative effect on the operating results, financial condition and prospects of the Group.

The market value of a security with a fixed interest rate generally decreases when prevailing interest rates rise, which may have an adverse effect on the Group's earnings and financial condition. In addition, the Group may incur costs (which, in turn, will impact the Group's results) as it implements strategies to reduce future interest rate exposure. The market value of an obligation with a floating interest rate can be adversely affected when interest rates increase, due to a lag in the implementation of re-pricing terms or an inability to refinance at lower rates.

The Group is also exposed to foreign exchange rate risk as a result of mismatches between assets and liabilities denominated in different currencies. Fluctuations in the exchange rate between currencies may negatively affect the Group's earnings and value of the Group's assets and securities. The Group's capital is stated in pound sterling and the Group does not fully hedge its capital position against changes in currency exchange rates. Although the Group seeks to

## ***Risk Factors***

hedge most of the Group's currency risk through hedging and purchase of cross-currency swaps, these hedges do not eliminate currency risk and the Group can make no assurance that it will not suffer adverse financial consequences as a result of currency fluctuations. Significant exchange rate volatility and the depreciation of the pound sterling in particular could have an adverse impact on the Group's results of operations and its ability to meet its US dollar and euro-denominated obligations, and could have a material adverse effect on the Group's operating results, financial condition and prospects.

The Group is also exposed to equity price risk in connection with the Group's trading investments in equity securities as part of the Group's normal course of business as a commercial bank. The performance of financial markets may cause changes in the value of the Group's investment and trading portfolios. The volatility of world equity markets, due to the continued economic uncertainty and sovereign debt tensions, has had a particularly strong impact on the financial sector. Continued volatility may affect the value of the Group's investments in entities in this sector and, depending on their fair value and future recovery expectations, could become a permanent impairment which would be subject to write-offs against the Group's results. To the extent any of these risks materialise, the Group's net interest income or the market value of the Group's assets and liabilities could be adversely affected.

6.15 ***Market conditions have resulted in material changes, and could continue to result in material changes to the estimated fair values of the Group's financial assets. Negative fair value adjustments could have a material adverse effect on the Group's operating results, financial condition and prospects***

In the past six years, financial markets have been subject to significant stress resulting in steep falls in perceived or actual financial asset values, particularly due to volatility in global financial markets and the resulting widening of credit spreads. The Group has material exposures to securities, loans and other investments that are recorded at fair value and are therefore exposed to potential negative fair value adjustments. Asset valuations in future periods, reflecting then prevailing market conditions, may result in negative changes in the fair values of the Group's financial assets and these may also translate into increased impairments. In addition, the value ultimately realised by the Group on disposal may be lower than the current fair value. Any of these factors could require the Group to record negative fair value adjustments, which may have a material adverse effect on its operating results, financial condition or prospects.

In addition, to the extent that fair values are determined using financial valuation models, such values may be inaccurate or subject to change, as the data used by such models may not be available or may become unavailable due to changes in market conditions, particularly for illiquid assets, and particularly in times of economic instability. In such circumstances, the Group's valuation methodologies require it to make assumptions, judgments and estimates in order to establish fair value.

This is a challenging task as reliable assumptions are difficult to make and are inherently uncertain. Moreover, valuation models are complex, making them inherently imperfect predictors of actual results. Any consequential impairments or write-downs could have a material adverse effect on the Group's operating results, financial condition and prospects.

6.16 ***The Group has a core strategy to develop the Group's operations organically and through acquisitions, but if the Group is unable to manage such development effectively, this could have an adverse impact on its profitability***

The Group allocates management and planning resources to develop strategic plans for organic development, and to identify possible acquisitions and disposals and areas for restructuring its businesses. The Group cannot provide assurance that it will, in all cases, be able to manage its growth effectively or deliver its strategic development objectives. Challenges that may result from the Group's strategic development decisions include its ability to:

- manage efficiently the operations and employees of expanding businesses;
- maintain or grow its existing customer base;
- assess the value, strengths and weaknesses of investment or acquisition candidates;
- finance strategic opportunities, investments or acquisitions;

## ***Risk Factors***

- fully integrate strategic investments, or newly-established entities or acquisitions, in line with its strategy;
- align its current information technology systems adequately with those of an enlarged Group;
- apply its risk management policy effectively to an enlarged Group; and
- manage a growing number of entities without over-committing management or losing key personnel.

Any failure to manage development effectively, including relating to any or all of the above challenges associated with the Group's development plans, could have a material adverse effect on the Group's operating results, financial condition and prospects.

From time to time, the Group evaluates acquisition and partnership opportunities that the Group believes could offer additional value to its shareholders and are consistent with its business strategy. However, the Group may not be able to identify suitable acquisition or partnership candidates, and may not be able to acquire promising targets or form partnerships on favourable terms or at all. Furthermore preparations for acquisitions which do not complete can be disruptive. The Group bases its assessment of potential acquisitions and partnerships on limited and potentially inexact information and on assumptions with respect to value, operations, profitability and other matters that may prove to be incorrect. The Group's ability to benefit from any such acquisitions and partnerships will depend in part on successful integration of those businesses. Such integration entails significant risks such as challenges in retaining the customers and employees of the acquired businesses, unforeseen difficulties in integrating operations and systems and unexpected liabilities or contingencies such as legal claims. The Group can give no assurances that its expectations with regards to integration and synergies will materialise. In addition, any acquisition or venture could result in the loss of key employees and inconsistencies in standards, controls, procedures and policies.

Moreover, the success of the acquisition or venture will at least in part be subject to a number of political, economic and other factors that are beyond the Group's control. Any or all of these factors, individually or collectively, could have a material adverse effect on the Group.

### **6.17 *Goodwill impairments may be required in relation to acquired businesses***

The Group has made business acquisitions in recent years and may make further business acquisitions in the future. It is possible that the goodwill which has been attributed, or may be attributed, to these businesses may have to be written-down if the Group's valuation assumptions are required to be reassessed as a result of any deterioration in their underlying profitability, asset quality and other relevant matters.

Impairment testing in respect of goodwill is performed annually, more frequently if there are impairment indicators present, and comprises a comparison of the carrying amount of the cash-generating unit with its recoverable amount. Goodwill impairment does not however affect the Group's regulatory capital. Whilst no impairment of goodwill was recognised in 2012 or 2013, there can be no assurances that the Group will not have to write down the value attributed to goodwill in the future, which would adversely affect the Group's results and net assets.

### **6.18 *Competition with other financial institutions could adversely affect the Group***

The Group faces substantial competition in all parts of the Group's business, including in originating loans and in attracting deposits. The competition in originating loans comes principally from other domestic and foreign banks, mortgage banking companies, consumer finance companies, insurance companies and other lenders and purchasers of loans. The market for U.K. financial services is highly competitive and the recent financial crisis continues to reshape the banking landscape in the U.K., particularly the financial services and mortgage markets, reinforcing both the importance of a retail deposit funding base and the strong capitalisation of an institution. Lenders have moved increasingly towards a policy of concentrating on the highest quality customers, judged by credit score and loan to value criteria, and there is strong competition for these customers. The supply of credit is more limited for those potential customers without a large deposit or good credit history.

## ***Risk Factors***

The Group expects competition to intensify in response to consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. In particular, the Independent Commission on Banking (the "ICB"), chaired by Sir John Vickers, has recommended that steps be taken to increase competition in the personal and small business banking sector (including, for example, strengthening the objectives of the Financial Conduct Authority (the "FCA") (as successor to the FSA) for the role of conduct supervision, such that it is obliged to regulate in a manner which promotes competition. On 19 December 2011, HM Treasury published its response to the ICB report, agreeing with the majority of the ICB's recommendations. The Financial Services Act 2012 has amended the Financial Services and Markets Act 2000 ("FSMA") with effect from 1 April 2013 to include in the FCA's operational objectives the objective of promoting effective competition in the interests of consumers in the markets for regulated financial services. A strong political and regulatory will to foster consumer choice in retail financial services could lead to even greater competition in the UK personal and small business banking sector.

If financial markets remain unstable, financial institution consolidation may continue (whether as a result of the U.K. Government taking ownership and control over other financial institutions in the U.K. or otherwise). Financial institution consolidation could also result from the U.K. Government disposing of its stake in those financial institutions it currently controls. Such consolidation could adversely affect the Group's operating results, financial condition and prospects. There can be no assurance that this increased competition will not adversely affect the Group's growth prospects, and therefore its operations. The Group also faces competition from non-bank competitors, such as supermarkets and department stores for some credit products, and generally from other loan providers.

Increasing competition could require that the Group increase its rates offered on deposits or lower the rates it charges on loans, which could also have a material adverse effect on the Group, including its profitability. It may also negatively affect the Group's business results and prospects by, among other things, limiting its ability to increase its customer base and expand the Group's operations and increasing competition for investment opportunities.

In addition, if the Group's customer service levels were perceived by the market to be materially below those of the Group's competitor financial institutions, the Group could lose existing and potential business. If the Group is not successful in retaining and strengthening customer relationships, it may lose market share, incur losses on some or all of its activities or fail to attract new deposits or retain existing deposits, which could have a material adverse effect on its operating results, financial condition and prospects.

- 6.19 ***The Group's ability to maintain its competitive position depends, in part, on the success of new products and services that it offers, its customers and its ability to continue offering products and services from third parties, and the Group may not be able to manage various risks it faces as it expands the Group's range of products and services that could have a material adverse effect on it***

The success of the Group's operations and the Group's profitability depends, in part, on the success of new products and services the Group offers its customers. However, the Group cannot guarantee that its new products and services will be responsive to customer demands or successful once they are offered to the Group's customers, or that they will be successful in the future. In addition, the Group's customers' needs or desires may change over time, and such changes may render its products and services obsolete, outdated or unattractive and the Group may not be able to develop new products that meet its customers' changing needs. If the Group cannot respond in a timely fashion to the changing needs of the Group's customers, it may lose customers, which could in turn materially and adversely affect it.

As the Group expands the range of its products and services, some of which may be at an early stage of development in the U.K. market, the Group will be exposed to new and potentially increasingly complex risks and development expenses. The Group's employees and risk management systems, as well as its experience and that of its partners, may not be sufficient or adequate to enable the Group to properly handle or manage such risks. In addition, the cost of developing products that are not launched is likely to affect the Group's results of operations.

Further, our customers may issue complaints and seek redress if they consider that they have suffered loss from our products and services, for example, as a result of any alleged mis-selling or incorrect application of the terms and conditions of a particular product. This could in turn subject the Group to risks of potential legal action by our customers and intervention by our regulators.

## ***Risk Factors***

Any or all of the above factors, individually or collectively, could have a material adverse effect on it.

### **6.20 *If the Group is unable to effectively control the level of non-performing or poor credit quality loans in the future, or if its loan loss reserves are insufficient to cover future loan losses, this could have a material adverse effect on it***

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. Non-performing or low credit quality loans can negatively impact the Group's results of operations. The Group cannot be sure that it will be able to effectively control the level of the impaired loans in the Group's total loan portfolio. In particular, the amount of the Group's reported non-performing loans may increase in the future as a result of growth in the Group's total loan portfolio, including as a result of loan portfolios that the Group may acquire in the future, or factors beyond the Group's control, such as adverse changes in the credit quality of the Group's borrowers and counterparties or a general deterioration in the U.K. or global economic conditions, impact of political events, events affecting certain industries or events affecting financial markets and global economies.

The Group's current loan loss reserves may not be adequate to cover an increase in the amount of non-performing loans or any future deterioration in the overall credit quality of the Group's total loan portfolio. The Group's loan loss reserves are based on its current assessment of and expectations concerning various factors affecting the quality of the Group's loan portfolio. These factors include, among other things, the Group's borrowers' financial condition, repayment abilities and repayment intentions, the realisable value of any collateral, the prospects for support from any guarantor, government macroeconomic policies, interest rates and the legal and regulatory environment. As the recent global financial crisis has demonstrated, many of these factors are beyond the Group's control.

As a result, there is no precise method for predicting loan and credit losses, and the Group cannot provide assurance that its loan loss reserves will be sufficient to cover actual losses.

If the Group's assessment of and expectations concerning the above mentioned factors differ from actual developments, if the quality of the Group's total loan portfolio deteriorates, for any reason, including the increase in lending to individuals and small and medium enterprises, the volume increase in the credit card portfolio and the introduction of new products, or if the future actual losses exceed the Group's estimates of incurred losses, the Group may be required to increase its loan loss reserves, which may adversely affect it. If the Group is unable to control or reduce the level of its non-performing or poor credit quality loans, this could have a material adverse effect on it.

Interest rates payable on a significant portion of the Group's outstanding mortgage loan products fluctuate over time due to, among other factors, changes in the Bank of England base rate. As a result borrowers with variable interest rate mortgage loans are exposed to increased monthly payments when the related mortgage interest rate adjusts upward. Similarly, borrowers of mortgage loans with fixed or introductory rates adjusting to variable rates after an initial period are exposed to the risk of increased monthly payments at the end of this period. Over the last few years both variable and fixed interest rates have been at relatively low levels, which has benefited borrowers of new loans and those repaying existing variable rate loans regardless of special or introductory rates.

Future increases in borrowers' required monthly payments may result in higher delinquency rates and losses in the future. Borrowers seeking to avoid these increased monthly payments by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. These events, alone or in combination, may contribute to higher delinquency rates and losses.

### **6.21 *The Group is subject to various risks associated with its derivative transactions that could have a material adverse effect on it***

The Group enters into derivative transactions for trading purposes as well as for hedging purposes. The Group is subject to various risks associated with these transactions, including, market risk, operational risk, basis risk (the risk of loss associated with variations in the spread between the asset yield and the funding and/or hedge cost) and credit or default risk (the risk of insolvency or other inability of the counterparty to a particular transaction to perform its obligations thereunder, including providing sufficient collateral).

## ***Risk Factors***

Market practices and documentation for derivative transactions in the U.K. may differ from those in other countries. In addition, the execution and performance of these transactions depend on the Group's ability to develop adequate control and administration systems and to hire and retain qualified personnel. Moreover, the Group's ability to adequately monitor, analyse and report derivative transactions continues to depend, to a great extent, on the Group's information technology systems. This factor further increases the risks associated with these transactions and could have a material adverse effect on the Group.

### **6.22 *Operational risks, including risks relating to data collection, processing and storage systems are inherent in the Group's business***

The Group's businesses depend on the ability to process a large number of transactions efficiently and accurately, and on its ability to rely on its digital technologies, computer and email services, software and networks, as well as on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The proper functioning of financial control, accounting or other data collection and processing systems is critical to the Group's businesses and to its ability to compete effectively. Losses can result from inadequate personnel, human error, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations. The Group also faces the risk that the design of its controls and procedures prove to be inadequate or are circumvented. Although the Group works with its clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities and prevent against cyber attacks, it routinely exchanges personal, confidential and proprietary information by electronic means, and it may be the target of attempted cyber attacks. If the Group cannot maintain an effective data collection, management and processing system, it may be materially and adversely affected.

The Group takes protective measures and continuously monitors and develops its systems to protect its technology infrastructure and data from misappropriation or corruption, but its systems, software and networks nevertheless may be vulnerable to unauthorised access, misuse, computer viruses or other malicious code and other events that could have a security impact. An interception, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, vendor, service provider, counterparty or third party could result in legal liability, regulatory action and reputational harm. Furthermore, these may require the Group to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures. There can be no assurance that it will not suffer material losses from operational risks in the future, including relating to cyber attacks or other such security breaches. Further, as cyber attacks continue to evolve, the Group may incur significant costs in its attempt to modify or enhance its protective measures or investigate or remediate any vulnerability.

The Group manages and holds confidential personal information of customers in the conduct of its banking operations. Although the Group has procedures and controls to safeguard personal information in its possession, unauthorised disclosures could subject it to legal actions and administrative sanctions as well as damages that could materially and adversely affect its operating results, financial condition and prospects.

In addition, the Group's businesses are exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of 'rogue traders' or other employees. It is not always possible to deter or prevent employee misconduct and the precautions the Group takes to prevent and detect this activity may not always be effective.

The Group may be required to report events related to information security issues, such as hacking or hacking attempts, events where customer information may be compromised, unauthorised access and other security breaches, to the relevant regulatory authorities. Any material disruption or slowdown of the Group's systems could cause information, including data related to customer requests, to be lost or to be delivered to its clients with delays or errors, which could reduce demand for its services and products and could materially and adversely affect it.

### **6.23 *The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel***

The Group's continued success depends in part on the continued service of key members of its management team. The ability to continue to attract, train, motivate and retain highly qualified and talented professionals is a key element of its



## ***Risk Factors***

strategy. The successful implementation of the Group's growth strategy depends on the availability of skilled management, both at its head office and in each of the Group's business units. If the Group or one of its business units or other functions fails to staff its operations appropriately or loses one or more of its key senior executives and fails to replace them in a satisfactory and timely manner, its business, financial condition and results of operations, including control and operational risks, may be adversely affected.

In addition, the financial industry has and may continue to experience more stringent regulation of employee compensation, which could have an adverse effect on the Group's ability to hire or retain the most qualified employees. If the Group fails or is unable to attract and appropriately train, motivate and retain qualified professionals, its business may also be adversely affected.

### **6.24 *Damage to the Group's reputation could cause harm to its business prospects***

Maintaining a positive reputation is critical to the Group's attracting and maintaining customers, investors and employees and conducting business transactions with counterparties. Damage to the Group's reputation, the reputation of Banco Santander, S.A. (as the majority shareholder in Santander UK), the reputation of affiliates operating under the "Santander" brand or any of the Group's other brands or the reputation of the UK or of Spain could therefore cause significant harm to the Group's business and prospects.

Harm to the Group's reputation can arise from numerous sources, including, among others, employee misconduct, litigation, failure to deliver minimum standards of service and quality, compliance failures, breach of legal or regulatory requirements, unethical behaviour (including adopting inappropriate sales and trading practices), and the activities of customers and counterparties. Further, negative publicity regarding the Group, whether or not true, may result in harm to the Group's operating results, financial condition and prospects.

Actions by the financial services industry generally or by certain members of, or individuals in, the industry can also affect the Group's reputation. For example, the role played by financial services firms in the financial crisis and the seeming shift toward increasing regulatory supervision and enforcement has caused public perception of the Group and others in the financial services industry to decline.

The Group could suffer significant reputational harm if it fails to properly identify and manage potential conflicts of interest. Management of potential conflicts of interest has become increasingly complex as the Group expands its business activities through more numerous transactions, obligations and interests with and among its customers. The failure to adequately address, or the perceived failure to adequately address, conflicts of interest could affect the willingness of customers to deal with the Group, or give rise to litigation or enforcement actions against it. Therefore, there can be no assurance that conflicts of interest will not arise in the future that could cause material harm to the Group.

### **6.25 *The Group's financial statements are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial condition***

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies deemed critical to the Group's results and financial condition, based upon materiality and significant judgments and estimates, include impairment of loans and advances, valuation of financial instruments, goodwill impairment, provision for conduct remediation and pensions.

The valuation of financial instruments measured at fair value can be subjective, in particular where models are used which include unobservable inputs. Given the uncertainty and subjectivity associated with valuing such instruments it is possible that the results of the Group's operations and financial condition could be materially misstated if the estimates and assumptions used prove to be inaccurate.

## ***Risk Factors***

If the judgment, estimates and assumptions the Group uses in preparing its consolidated financial statements are subsequently found to be incorrect, there could be a material effect on its results of operations and a corresponding effect on its funding requirements and capital ratios.

### **6.26 *Changes in accounting standards could impact reported earnings***

The accounting standard setters and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of the Group's consolidated financial statements. These changes can materially impact how the Group records and reports its financial condition and results of operations. In some cases, the Group could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements.

### **6.27 *The Group is subject to substantial regulation and governmental oversight which could adversely affect the Group's business and operations***

As a financial institution, the Group is subject to extensive financial services laws, regulations, administrative actions and policies in the U.K., European Union and each other location in which it operates (including in the U.S. and, indirectly, in Spain by the Banco de España (the Bank of Spain) as a result of being part of the Banco Santander, S.A. group) which materially affects the Group's businesses. Statutes, regulations and policies to which the Group are subject, in particular those relating to the banking sector and financial institutions, may be changed at any time, and the interpretation and the application of those laws and regulations by regulators is also subject to change. Any legislative or regulatory actions and any required changes to the Group's business operations resulting from such legislation and regulations could result in significant loss of revenue, limit its ability to pursue business opportunities in which it might otherwise consider engaging, affect the value of assets that it holds, require the Group to increase its prices and therefore reduce demand for the Group's products, impose additional costs on it or otherwise adversely affect the Group's businesses. Accordingly, there can be no assurance that future changes in regulations or in their interpretation or application will not adversely affect the Group.

During the recent market turmoil, there have been unprecedented levels of government and regulatory intervention and scrutiny, and changes to the regulations governing financial institutions and the conduct of business. In addition, in light of the financial crisis, regulatory and governmental authorities are considering, or may consider, further enhanced or new legal or regulatory requirements intended to prevent future crises or otherwise assure the stability of institutions under their supervision. This intensive approach to supervision has been maintained by the PRA and the FCA (as successor regulatory authorities to the FSA).

Recent proposals and measures taken by governmental, tax and regulatory authorities and further changes in supervision and regulation, in particular in the U.K., which are beyond the Group's control, could materially affect the Group's business, value of assets and operations, and result in significant increases in operational costs. Products and services offered by the Group could also be affected. Changes in U.K. legislation and regulation to address the stability of the financial sector may also affect the competitive position of the U.K. banks, including Santander UK, particularly if such changes are implemented before international consensus is reached on key issues affecting the industry, for instance in relation to the PRA's regulations on capital and liquidity risk management and also the U.K. Government's introduction of the bank levy. Although the Group works closely with its regulators and continually monitors the situation, future changes in law, regulation, fiscal or other policies can be unpredictable and are beyond the Group's control. No assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the Group's business.

On 16 June 2010, the Chancellor of the Exchequer announced the creation of the ICB. The ICB was asked to consider structural and related non-structural reforms to the U.K. banking sector to promote financial stability and competition, and to make recommendations to the U.K. Government. The ICB gave its recommendations on 12 September 2011 and proposed: (i) implementation of a retail ring fence; (ii) increased capital requirements; and (iii) improvement of competition, which were broadly endorsed by the Government in its response published on 19 December 2011. A White Paper was published on 14 June 2012 detailing how the Government intends to implement the recommendations of the ICB. A draft of the initial bill to implement the ICB recommendations was published on 12 October 2012, in the format of framework legislation to put in place the architecture to effect the reforms, with detailed policy being provided for through

## ***Risk Factors***

secondary legislation. On 4 February 2013, the Financial Services (Banking Reform) Bill (the "**Banking Reform Bill**") was introduced to Parliament. Draft secondary legislation covering certain aspects of the ICB's recommendations was released for consultation in July 2013. The Government expects the primary and secondary legislation to be in place by 2015 and to take effect by 2019. On 1 October 2013, amendments were made to the Banking Reform Bill. These amendments included provisions to implement the June 2013 recommendations of the Parliamentary Commission on Banking Standards, such as the creation of a new banking standards regime covering the conduct of bank staff and a criminal offence for reckless misconduct of banking staff.

On 18 December 2013, the Banking Reform Bill (as amended) received Royal Assent in the House of Lords as the Financial Services (Banking Reform) Act 2013 (the "**Banking Reform Act**"). Among other things, the Banking Reform Act:

- (a) provides HM Treasury and the PRA powers to implement the ICB recommendations;
- (b) introduces a senior persons regime, replacing the approved persons regime established under FSMA (as amended by the Financial Services Act 2012);
- (c) introduces a new criminal offence for reckless misconduct in the management of a bank;
- (d) establishes a new payment systems regulator to be established by the FCA; and
- (e) amends the Banking Act 2009 to include a bail-in stabilisation option forming part of the special resolution regime (see the Risk Factor entitled "The Banking Act, the Banking Reform Act and similar European legislation, may adversely affect our business" for further detail).

It is too early to assess the full impact of the Banking Reform Act and any ancillary secondary legislation which may come into force. However, it is expected that changes to the Group structure and business, for example, will be necessary for the Group to comply with the Banking Reform Act and such changes could have an adverse effect on the operating results, financial condition and prospects of the Group.

In the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted on 21 July 2010 (the "**Dodd-Frank Act**"), has been implemented in part and continues to be implemented by various US federal regulatory agencies. The Dodd-Frank Act, among other things, imposes a new regulatory framework on swap transactions, including swaps of the sort that the Group enter into, requires regulators to adopt new rules governing the retention of credit risk by securitisers or originators of securitisations and significantly expands the coverage and scope of regulations that limit affiliate transactions within a banking organisation.

Within the Dodd-Frank Act, the so-called "Volcker Rule" prohibits "banking entities" from engaging in certain forms of proprietary trading or from sponsoring or investing in certain private funds, subject to certain exemptions, including exemptions permitting foreign banking entities to engage in trading and fund activities that take place solely outside of the United States. The Volcker Rule became effective on 21 July 2012 and on 31 January 2014, US regulators published final regulations to implement the Volcker Rule. In connection with the publication of final implementing regulations for the Volcker Rule, the Federal Reserve Board extended the conformance period for all banking entities until 21 July 2015, and additional extensions are possible. Banking entities must bring their activities and investments into compliance with the requirements of the Volcker Rule by the end of the conformance period. The Group is assessing how the final implementing regulations for the Volcker Rule will affect our businesses and the Group has been developing and implementing plans to bring affected businesses into compliance.

Each of these aspects of the Dodd-Frank Act, as well as others, may directly and indirectly impact various aspects of the Group business. The full spectrum of risks that the Dodd-Frank Act, including the Volcker Rule, poses to the Group is not yet known. However, such risks could be material and the Group could be materially and adversely affected by them.

In the United Kingdom and elsewhere, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking. Political involvement in the regulatory process, in the behaviour and governance of the UK banking sector and in the major financial institutions in which the UK Government has a direct financial interest is likely to

## ***Risk Factors***

continue. The Competition Commission, the FSA (and, following 1 April 2013, its successor, the FCA) and the Office of Fair Trading ("**OFT**") have recently carried out, or are currently conducting, several enquiries.

The resolution of a number of issues, including regulatory reforms, investigations and reviews and court cases, affecting the UK financial services industry could have an adverse effect on the operating results, financial condition and prospects of the Group, or the Group's relations with its customers and potential customers.

### **6.28 *Changes in taxes and other assessments may adversely affect the Group***

The tax and other assessment regimes to which the Group and its customers are subject are regularly reformed, or subject to proposed reforms. Such reforms include changes in the rate of assessments and, occasionally, enactment of temporary taxes, the proceeds of which may be earmarked for designated governmental purposes. The effects of these changes and any other changes that result from enactment of additional tax reforms have not been, and cannot be, quantified and there can be no assurance that these reforms will not, once implemented, have an adverse effect upon the Group's business. Furthermore, such changes may produce uncertainty in the financial system, increasing the cost of borrowing and contributing to the increase in the Group's non-performing credit portfolio.

*U.K. Bank Levy:* HM Treasury introduced an annual U.K. bank levy (the "**Bank Levy**") via legislation in the Finance Act 2011. The Bank Levy is imposed on (amongst other entities) U.K. banking groups and subsidiaries, and therefore applies to the Group. The amount of the Bank Levy is based on a bank's total liabilities, excluding (amongst other things) Tier 1 Capital, insured retail deposits and repos secured on sovereign debt. A reduced rate is applied to longer-term liabilities. The U.K. Government intends that the Bank Levy should raise at least £2.5bn each year. To offset the shortfall in Bank Levy receipts, and also to take account of the benefit to the banking sector of reductions in the rate of corporation tax, the rate of the Bank Levy was increased on 1 January 2012 and again on 1 January 2013. In December 2013, it was further announced that on 1 January 2014, the rate of the Bank Levy would rise to 0.156% in order to raise an estimated £2.7 billion in 2014 to 2015 and an estimated £2.9 billion each year from 2015 to 2016.

### **6.29 *The Group is exposed to risk of loss from legal and regulatory proceedings***

The Group faces various issues that may give rise to risk of loss from legal and regulatory proceedings. These issues, including appropriately dealing with potential conflicts of interest, and legal and regulatory requirements, could increase the amount of damages asserted against the Group or subject it to regulatory enforcement actions, fines and penalties. The current regulatory environment, with its increased supervisory focus on enforcement, combined with uncertainty about the evolution of the regulatory regime, may lead to material operational and compliance costs. These include the risk that:

- certain aspects of the Group's business may be determined by the Bank of England, the FCA, the PRA, HM Treasury, the OFT, the FOS or the courts as not to have been or being conducted in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the FOS's opinion;
- the alleged misselling of financial products, such as payment protection insurance ("**PPI**"), including as a result of having sales practices and/or rewards structures that are deemed to have been inappropriate, resulting in disciplinary action (including significant fines) or requirements to amend sales processes, withdraw products, or provide restitution to affected customers, all of which may require additional provisions to be recorded in the Group's financial statements and could adversely impact future revenues from affected products;
- the Group holds accounts for entities that might be or are subject to interest from various regulators, including the U.K.'s Serious Fraud Office, regulators in the U.S. and elsewhere. The Group is not aware of any current investigation into it as a result of any such enquiries, but cannot exclude the possibility of the Group's conduct being reviewed as part of any such investigation; and
- the Group may be liable for damage to third parties harmed by the conduct of its business.

The Group is from time to time subject to certain claims and party to certain legal proceedings incidental to the normal course of its business, including in connection with its lending activities, relationships with its employees and other commercial or tax matters. These can be brought against the Group under U.K. regulatory processes or in the U.K. courts,

## ***Risk Factors***

or those in other jurisdictions where the Group operates including the European Union and the U.S. In view of the inherent difficulty of predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of discovery, the Group cannot state with confidence what the eventual outcome of these pending matters will be or what the eventual loss, fines or penalties related to each pending matter may be and these pending matters are not disclosed by name because they are under assessment. The Group believes that it has made adequate provisions related to the costs anticipated to be incurred in connection with these various claims and legal proceedings. However, the amount of these provisions is substantially less than the total amount of the claims asserted against the Group and in light of the uncertainties involved in such claims and proceedings, there can be no assurance that the ultimate resolution of these matters will not significantly exceed the provisions currently accrued by it. As a result, the outcome of a particular matter may be material to the Group's operating results for a particular period, depending upon, among other factors, the size of the loss or liability imposed and its level of income for that period.

The FCA carries out regular and frequent reviews of the conduct of business by financial institutions including banks. An adverse finding by a regulator could result in the need for extensive changes in systems and controls, business policies, and practices coupled with suspension of sales, withdrawal of services, customer redress, fines and reputational damage.

Failure to manage these risks adequately could have a material adverse effect on the Group's reputation, operating results, financial condition and prospects.

6.30 ***The structure of the financial regulatory authorities in the U.K. and the U.K. regulatory framework that applies to the Group has been reformed and reorganised and the Group is subject to any potential resulting uncertainty and changes to the U.K. regulatory regime in general.***

Under the Financial Services Act 2012 which received Royal Assent on 19 December 2012 the U.K. Government introduced a range of structural reforms to U.K. financial regulatory bodies. Such reforms were implemented on 1 April 2013, as follows:

- the FSA ceased to exist;
- a new Financial Policy Committee ("FPC") was established within the Bank of England which is responsible for macro-prudential regulation, or regulation of stability and resilience of the financial system as a whole;
- an independent subsidiary of the Bank of England, the PRA was established to oversee micro-prudential regulation of financial institutions that manage significant risks on their balance sheets; and
- the FCA was established and has the responsibility for conduct of business and markets regulation. The FCA also represents the UK's interests in market regulation at the new European Securities and Markets Authority.

In addition, from 1 April 2014, regulation of consumer credit business (including second and subsequent charge mortgages) will be transferred from the OFT to the FCA pursuant to provisions contained in the Financial Services Act 2012. This is discussed in further detail in the Risk Factor entitled, "*Various reforms to the mortgage lending and personal loans market have been proposed which could require significant implementation costs or changes to the Group's business strategy*".

The new supervisory regimes of the PRA and the FCA are still in their initial stages, but it is already evident that implementation of the Financial Services Act 2012 has increased regulatory oversight of the Group's activities, resulting in for example, constraints in the Group's business activities and increases in regulatory capital requirements. No assurance can be given that further changes will not be made to the regulatory regime in the UK generally, our particular business sectors in the market or specifically in relation to the Group. Any or all of these factors could have a material adverse effect on the conduct of the Group business and, therefore, also on our strategy and profitability, and ability to respond to and satisfy the supervisory requirements of the relevant UK regulatory authorities.

## ***Risk Factors***

### **6.31 *Various reforms to the mortgage lending and personal loans market have been proposed which could require significant implementation costs or changes to the Group's business strategy***

In December 2011, the FSA published a consultation paper that consolidates proposals arising out of its wide-ranging "mortgage market review", which was launched in October 2009 to consider strengthening rules and guidance on, among other things, affordability assessments, product regulation, arrears charges and responsible lending. The FSA's aim was to ensure the continued provision of mortgage credit for the majority of borrowers who can afford the financial commitment of a mortgage, while preventing a re-emergence of poor lending practices as the supply of mortgage credit in the market recovers. In October 2012, the FSA published a feedback statement and final rules that will come into force on 26 April 2014. These rules will require, among other things, an assessment of affordability in accordance with detailed requirements, with transitional arrangements where the borrower does not take on additional borrowing except for essential repairs or maintenance work, and will ban self-certified loans. These rules will permit interest-only loans where there is a clearly understood and credible strategy for repaying the capital (evidence of which the lender must obtain before making the loan and check at least once during the term of the loan) and the cost of the repayment strategy must be part of the affordability assessment.

The impact of the changes is now clear and the reforms have presaged a period of significant change for the Group's mortgage lending business which will mean reforms to the Group's mortgage sales delivery systems, changes to the Group's mortgage documentation and significant reform of the Group's approach to risk assessment of prospective mortgage customers. These could have an adverse effect on the operating results, financial condition and prospects of the Group.

The Financial Services Act 2012 contains provisions enabling this transfer of consumer credit regulation (which includes new and existing second charge mortgages) from the OFT to the FCA. HM Treasury has announced that consumer credit regulation will be transferred to the FCA from 1 April 2014. The related secondary consumer credit legislation was enacted in July 2013. Under the new regime, the FCA may make rules under which, and from dates to be specified: (a) carrying on certain credit-related activities (including in relation to servicing credit agreements) otherwise than in accordance with permission from the FCA will render the credit agreement unenforceable without FCA approval and (b) the FCA will have power to render unenforceable contracts made in contravention of its rules on cost and duration of credit agreements or in contravention of its product intervention rules. The Financial Services Act 2012 also provides for formalised cooperation to exist between the FCA and the Financial Ombudsman Service (the "FOS") (which determines complaints by eligible complainants in relation to authorised financial services firms, consumer credit licensees and certain other businesses), particularly where issues identified potentially have wider implications with a view to the FCA requiring firms to operate consumer redress schemes.

On 3 October 2013, the FCA published a further consultation paper containing detailed proposals for conduct of business and prudential rules for consumer credit firms and containing feedback to the FSA's earlier consultation.

Given the uncertainties still surrounding the transition of the consumer credit regime from the OFT to the FCA, it is not clear what the impact on the Group will be. However, a likely consequence of these pending changes is that the Group will have to review and reform the sales processes and documentation of its consumer credit products including its credit card and unsecured personal loan products before April 2014. This review and the changes the Group may have to make could adversely affect its business.

Further, in March 2011, the European Commission published a proposal for a directive on credit agreements relating to residential immovable property for consumers (the "**Mortgage Credit Directive**"). The proposal requires, among other things, standard pre-contractual information, calculation of the annual percentage rate of charge in accordance with a prescribed formula, and a right of the borrower to make early repayment. On 10 December 2013, the European Parliament adopted the text of the proposed Mortgage Credit Directive and the European Council is expected to formally adopt the text of the Mortgage Credit Directive in one of its forthcoming meetings. The FCA Director of Mortgage and Consumer Lending stated in November 2013 that the FCA intended to publish a consultation on the implementation of the Mortgage Credit Directive in mid-2014. Until the UK implementing legislation is published, it is not certain what effect the adoption and implementation of the Mortgage Credit Directive will have on the Group mortgage business.

## ***Risk Factors***

### **6.32 *Potential intervention by the FCA, the PRA or an overseas regulator may occur, particularly in response to customer complaints.***

The PRA and the FCA now have a more outcome-focused regulatory approach than their predecessor the FSA. This involves more proactive enforcement and more punitive penalties for infringement. As a result, the Group and other PRA and/or FCA-authorized firms are therefore facing increased supervisory intrusion and scrutiny (resulting in increasing internal compliance costs and supervision fees) and in the event of a breach of their regulatory obligations are likely to face more stringent penalties.

In particular, the FCA has a strong focus on consumer protection and it is taking a more interventionist approach in its increasing scrutiny of product terms and conditions. FSMA (as amended by the Financial Services Act 2012) gives the FCA the power to make temporary product intervention rules either to improve a firm's systems and controls in relation to product design, product management and implementation, or to address problems identified with products which may potentially cause significant detriment to consumers because of certain product features or firms' flawed governance and distribution strategies. Such rules may prevent firms from entering into product agreements with consumers until such problems have been rectified.

The regulatory regime requires the Group to be in compliance across all aspects of our business, including the training, authorisation and supervision of personnel, systems, processes and documentation. If the Group fails to be compliant with relevant regulations, there is a risk of an adverse impact on the Group's business from sanctions, fines or other action imposed by the regulatory authorities. Customers of financial services institutions, including customers of the Group, may seek redress if they consider that they have suffered loss as a result of the misselling of a particular product, or through incorrect application of the terms and conditions of a particular product. Given the inherent unpredictability of litigation and the evolution of judgments by the FOS, it is possible that an adverse outcome in some matters could have a material adverse effect on the operating results, financial condition and prospects of the Group arising from any penalties imposed or compensation awarded, together with the costs of defending such an action.

Under the Financial Services Act 2010, the FCA has the power to require authorised firms, including the Group, to establish a consumer redress scheme if it considers that consumers have suffered loss or damage as a consequence of a widespread or regular regulatory failing, including misselling.

In recent years there have been several industry-wide issues in which the FSA (now the FCA) has intervened directly. One such issue is the misselling of PPI. In August 2010, the FSA published a policy statement entitled "The assessment and redress of Payment Protection Insurance complaints" (the "Policy Statement"). The Policy Statement contained rules which altered the basis on which regulated firms (including the Santander UK and certain members of the Group) must consider and deal with complaints in relation to the sale of PPI and potentially increased the amount of compensation payable to customers whose complaints are upheld. A legal challenge of these rules by the British Bankers' Association (the "BBA") was unsuccessful. In light of this and the consequential increase in claims levels the Group performed a detailed review of our provision requirements in the first half of 2011 and as a result, revised our provision for PPI complaint liabilities to reflect the new information. The overall effect of the above was a substantial increase in the provision requirement for 2011. In setting the PPI provision, management estimated the total claims that were likely to be received. While initial claim levels at the beginning of the process were quite low, this increased as a result of press coverage and the activities of the claims management companies ("CMCs"), and then began to decrease after reaching a peak in the second half of 2012. In line with expectations, the volume of activity observed and the number of complaints received decreased over 2013. Although the Group continues to receive a significant number of complaints via CMCs, these are declining in line with overall volumes. The PPI provision remains adequate in management's view and will continue to be monitored.

Notwithstanding the recent trend of decreasing complaints, the ultimate financial impact on the Group of the claims arising from PPI complaints is still uncertain and will depend on a number of factors, including the implementation of the Policy Statement, the rate at which new complaints arise, the content and quality of the complaints (including the availability of supporting evidence), the role of claims management companies and the average uphold rates and redress costs. The Group can make no assurance that expenses associated with PPI complaints will not exceed the provision the Group has made relating to these claims. More generally, the Group can make no assurance that its estimates for potential liabilities, based on the key assumptions the Group used, are correct, and the reserves taken as a result may prove inadequate. If the Group

## ***Risk Factors***

were to incur additional expenses that exceed provisions for PPI liabilities or other provisions, these expenses could have a material adverse effect on the operating results, financial condition and prospects of the Group.

All the above is similarly relevant to any future industry-wide misselling or other issues that could affect the Group, such as the sale of other retail financial products and interest-rate derivative products sold to SMEs. This may lead from time to time to: (i) significant direct costs or liabilities (including in relation to misselling); and (ii) changes in the practices of such businesses which benefit customers at a cost to shareholders.

Decisions taken by the FOS (or any overseas equivalent that has jurisdiction) could, if applied to a wider class or grouping of customers, have a material adverse effect on the Group's operating results, financial condition and prospects.

The Financial Services and Markets Act 2000 (Designated Consumer Bodies) Order 2013 (the "**Order**") was made on 16 December 2013 and came into force on 1 January 2014. The Order designates the National Association of Citizens Advice Bureaux, the Consumers' Association, the General Consumer Council for Northern Ireland and the National Federation of Self Employed and Small Businesses as consumer bodies that may submit a super-complaint to the FCA on behalf of consumers of financial services where it considers that a feature, or a combination of features, of the market for financial services in the UK is seriously damaging the interests of these customers. Complaints about damage to the interests of individual consumers will continue to be dealt with by the FOS. If a super-complaint is made against the Group by a designated consumer body under this Order, any response published or action taken by the FCA could have a material adverse effect on the Group's operating results, financial condition and prospects.

### **6.33 *Bail-in power under the Banking Reform Act***

On October 1, 2013, the UK Government published amendments to the Financial Services (Banking Reform) Bill. The amendments introduce, among other things, a national "bail-in" power, which would form part of the existing special resolution regime under the Banking Act. On December 18, 2013, the Banking Reform Bill received Royal Assent in the House of Lords as the Banking Reform Act. The UK bail-in power under the Banking Act will come into force on such date as shall be stipulated by the UK Treasury.

The UK bail-in power is introduced as an additional power available to the UK resolution authority, to enable it to recapitalise a failed institution by allocating losses to unsecured creditors subject to the rights of such creditors to be compensated under a bail-in compensation order, which is based on the principle that such creditors should receive no less favorable treatment than they would have received, had the bank entered into insolvency immediately before the coming into effect of the bail-in power. The bail-in power includes the power to cancel or write-down (in whole or in part) certain liabilities (including the N&C Securities) or modify the terms of certain contracts (including the N&C Securities) for the purposes of reducing or deferring the liabilities of a UK bank under resolution and the power to convert certain liabilities (including the N&C Securities) from one form to another. The conditions for use of the UK bail-in power are generally that (i) the regulator determines the relevant UK bank is failing or likely to fail, (ii) it is not reasonably likely that any other action can be taken to avoid such a UK bank's failure and (iii) the relevant UK resolution authority determines that it is in the public interest to exercise the bail-in power.

According to the Banking Act, as well as similar principles proposed in the RRD (as described below), the relevant UK resolution authority should have regard to the insolvency treatment principles when exercising the UK bail-in power in respect of the N&C Securities. The insolvency treatment principles are that (i) the exercise of the UK bail-in power should be consistent with treating all liabilities of the bank in accordance with the priority that they would enjoy on a liquidation and (ii) any creditors who would have equal priority on a liquidation should bear losses on an equal footing with each other. The UK Treasury may, by order, specify further matters or principles to which the relevant UK resolution authority must have regard when exercising the UK bail-in power. These principles may be specified in addition to, or instead of, the insolvency treatment principles. If the relevant UK resolution authority departs from the insolvency treatment principles when exercising the UK bail-in power, it must report to the Chancellor of the Exchequer stating the reasons for its departure.



## ***Risk Factors***

It is understood that the UK bail-in power as contemplated in the Banking Reform Act will be subject to further conditions and limitations to be set out in secondary legislation, on which the UK Treasury intends to consult in the coming months. Accordingly, the final form of the UK bail-in power under the Banking Act remains subject to some uncertainty.

While pre-conditions have been proposed for the exercise of the UK bail-in power under the Banking Act, there is no certainty as to how the relevant UK resolution authority will exercise any bail-in power with respect to a financial institution and/or securities, such as the N&C Securities, issued by that institution. As noted above, it is expected that secondary legislation to this effect will be published in the coming months. Notwithstanding any such secondary legislation, the relevant UK resolution authority is likely to have considerable discretion as to how it exercises the UK bail-in power. As there may be many factors, including factors outside of the Group's control or not directly related to the Group, which could result in such a determination, holders of the N&C Securities may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such UK bail-in power.

Accordingly, the threat of bail-in may affect trading behaviour, including prices and volatility, and, as a result, the N&C Securities are not necessarily expected to follow the trading behaviour associated with other types of securities.

Once it has come into force, the UK bail-in power under the Banking Act could be used to impose losses on holders of the N&C Securities. In addition, Santander UK, the guarantor, is a UK bank subject to the Banking Act and accordingly the guarantees of the N&C Securities may be subject to the UK bail-in power. If the UK bail-in power is applied to the guarantees, holders of the N&C Securities may lose the benefit of the guarantees of the N&C Securities.

### **6.34 *The Group is responsible for contributing to compensation schemes in the U.K. in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers***

In the U.K., the Financial Services Compensation Scheme ("FSCS") was established under the Financial Services and Markets Act 2000 and is the U.K.'s statutory fund of last resort for customers of authorised financial services firms. The FSCS can pay compensation to customers if an FCA or PRA-authorized firm is unable, or likely to be unable, to pay claims against it (for instance, an authorised bank is unable to pay claims by depositors). The FSCS is funded by levies on firms authorised by the FCA or the PRA, including Santander UK and other members of the Group.

Following the default of a number of authorised financial services firms since 2008, the FSCS borrowed funds totalling approximately £18 billion from HM Treasury to meet the compensation costs for customers of those firms. Whilst it is expected that the substantial majority of the principal will be repaid from funds the FSCS levies from asset sales, surplus cash flow or other recoveries in relation to assets of the firms that defaulted, to the extent there remains a shortfall, the FSCS will recover this shortfall by levying firms authorised by the PRA or the FCA in instalments. The first instalment was in scheme year 2013/14 and the Group made a first capital contribution in August 2013. For the year ended 31 December 2013, the Group charged £59m to the income statement in respect of the costs of the FSCS.

In the event that the FSCS raises further funds from authorised firms or increases the levies to be paid by such firms or the frequency at which the levies are to be paid, the associated cost to the Group may have a material adverse effect on the Group's operating results, financial condition and prospects. The recent measures taken to protect the depositors of deposit-taking institutions involving the FSCS have resulted in a significant increase in the levies made by the FSCS, such as the borrowing from HM Treasury mentioned above, on the industry and such levies may continue to go up if similar measures are required to protect depositors of other institutions.

In addition, regulatory reform initiatives in the U.K. and internationally may result in further changes to the FSCS, which could result in additional costs and risks for the Group. For instance, the FSA announced in October 2011 that it was restarting its review of the funding of the FSCS and on 25 July 2012 it announced a consultation on proposed changes to the funding of the FSCS. A second consultation dealing with certain proposals relating to intermediaries and investment providers followed and this closed on 18 February 2013. In a policy statement published in March 2012, the FCA expressed its intention to proceed as outlined in its July 2012 consultation paper and its final rules came into effect on 1 April 2013. Similarly, in July 2013, the Council of the European Union announced its intention that revisions to the EU Deposit Guarantee Scheme Directive should be adopted by the end of 2013. The proposed revisions include the introduction of a tighter definition of deposits, a requirement that the Deposit Guarantee Scheme pay customers within a

## ***Risk Factors***

week and a requirement that banks must be able to provide information on the aggregated deposits of a depositor. If these revisions are adopted, they are likely to affect the methodology employed by the FSCS for determining levies on institutions. Changes as a result of this may affect the profitability of Santander UK (and other members of the Group required to contribute to the FSCS). The European Parliament and EU member States are in the final stages of negotiation on the text of the EU Deposit Guarantee Scheme Directive which is expected to be formally approved in early 2014.

FSCS levies are collected by the FCA as part of a single payment by firms covering the PRA, the FCA, the FOS and the FSCS fees. It is possible that future policy of the FSCS and future levies on the firms authorised by the FCA or the PRA may differ from those at present and that this could lead to a period of some uncertainty for members of the Group. In addition, it is possible that other jurisdictions where the Group operates could introduce or amend their similar compensation, contributory or reimbursement schemes. As a result of any such developments, the Group may incur additional costs and liabilities which may adversely affect its operating results, financial condition and prospects.

### **6.35 *The Banking Act, the Banking Reform Act and similar European legislation, may adversely affect the Group's business***

The Banking Act 2009 (the "**Banking Act**") came into force on 21 February 2009. The special resolution regime set out in the Banking Act provides HM Treasury, the Bank of England, the PRA and the FCA (and their successor bodies) with a variety of powers for dealing with U.K. deposit taking institutions (and, in certain circumstances, their holding companies) that are failing or likely to fail, including: (i) to take a bank or bank holding company into temporary public ownership; (ii) to transfer all or part of the business of a bank to a private sector purchaser; or (iii) to transfer all or part of the business of a bank to a "bridge bank". The special resolution regime also comprises a separate insolvency procedure and administration procedure each of which is of specific application to banks. These insolvency and administration measures may be invoked prior to the point at which an application for insolvency proceedings with respect to a relevant institution could be made.

If an instrument or order were made under the Banking Act in respect of Santander UK, such instrument or order (as the case may be) may (among other things): (i) result in a compulsory transfer of shares or other securities or property of Santander UK; (ii) impact on the rights of the holders of shares or other securities in Santander UK or result in the nullification or modification of the terms and conditions of such shares or securities; or (iii) result in the de-listing of Santander UK's shares and/or other securities. In addition, such an order may affect matters in respect of Santander UK's and/or other aspects of Santander UK's shares or other securities which may negatively affect the ability of Santander UK to meet its obligations in respect of such shares or securities.

At present, no instruments or orders have been made under the Banking Act relating to the Group and there has been no indication that any such order will be made, but there can be no assurance that holders of shares or other securities in Santander UK would not be adversely affected by any such order if made in the future.

In addition, pursuant to recent amendments made to the Banking Act (which amendments have not taken effect), provision has been made for tools to be used in respect of a wider range of UK entities, including investment firms and certain banking group companies provided that certain conditions are met. HM Treasury is currently consulting on secondary legislation that specifies the definition of such companies. This consultation closed on 21 November 2013. The proposed secondary legislation would, if enacted, have the effect of allowing the Banking Act powers to be applied to investment firms that are required to hold initial capital of €730,000 and to certain U.K. incorporated non-bank companies in the Group. Until such secondary legislation is made, it is too early to anticipate the full impact of the amendments made to the Banking Act and it is not possible to determine the impact of any action taken under the relevant provisions on investors, should such provisions apply to companies in the Group.

In June 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**RRD**"). The stated aim of the draft RRD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. The draft RRD currently contains similar resolution tools and powers to the Banking Act, including a "bail-in" power which, if implemented, would give resolution authorities the power to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims to equity (subject to certain parameters). The draft RRD currently contemplates that its provisions must be applied

## ***Risk Factors***

by EU Member States from 1 January 2015 except for the bail-in tool (in relation to certain instruments) which is to be applied from 1 January 2018.

The draft RRD envisages that the resolution powers, including the bail-in power, could, if certain trigger conditions are satisfied, be applied to credit institutions and certain large investment firms in the EU. Consequently, if the RRD were implemented in its current form and the relevant trigger conditions satisfied, there is a possibility that these powers could be applied to the Group. The implementation of such powers currently set out in the draft RRD would impact how credit institutions and investment firms (including the Group) are managed as well as, in certain circumstances, the rights of creditors. However, the proposed directive is not in final form and changes may be made to it in the course of the legislative process. In addition, many of the proposals contained in the draft RRD have already been implemented in the Banking Act and it is currently unclear as to what extent, if any, the provisions of the Banking Act may need to change once the draft RRD is implemented. The European Parliament is due to consider the draft RRD at its February 2014 plenary session. Accordingly, it is not yet possible to assess the full impact of the draft RRD on the Group and there can be no assurance that, once it is implemented, the fact of its implementation or the taking of any actions currently contemplated in it would not materially and adversely affect the Group's operating results, financial condition and prospects.

In addition, the RRD provides for resolution authorities to have the power to require institutions and groups to make structural changes to ensure legal and operational separation of "critical functions" from other functions where necessary, or to require institutions to limit or cease existing or proposed activities in certain circumstances. If used in respect of the Group, these ex ante powers could have a negative impact on the Group's business.

On 1 October 2013, the U.K. Government published amendments to the Financial Services (Banking Reform) Bill. The amendments introduce (amongst other things) a national UK bail-in power, which would form part of the existing special resolution regime under the Banking Act. On 18 December 2013, the Banking Reform Bill received Royal Assent in the House of Lords as the Banking Reform Act. The Banking Reform Act amends the Banking Act to include a bail-in stabilisation option forming part of the special resolution regime, giving the UK authorities, in advance of RRD implementation the power to cancel, write-down or convert to equity any securities issued by the Group. It is not yet possible to assess the full impact of the UK bail-in power on the Group and there can be no assurance that its implementation or the taking of any actions contemplated by it would not materially and adversely affect the Group's operating results, financial condition and prospects.

6.36 ***Any failure to effectively improve or upgrade the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on it***

The Group's businesses and its ability to remain competitive depends to a significant extent upon the functionality of its information technology systems (including Partenon, the global banking information technology platform utilised by Santander UK and Banco Santander, S.A), and on the Group's ability to upgrade and expand the capacity of the Group's information technology on a timely and cost-effective basis. The proper functioning of the Group's financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to the Group's businesses and its ability to compete. The Group must continually make significant investments and improvements in its information technology infrastructure in order to remain competitive. The Group cannot provide assurances that in the future it will be able to maintain the level of capital expenditures necessary to support the improvement, expansion or upgrading of its information technology infrastructure as effectively as its competitors, this may result in a loss of the competitive advantages that it believes its information technology systems provide. Any failure to effectively improve, expand or upgrade the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on it.

6.37 ***The Group relies on third parties for important infrastructure support, products and services***

Third party vendors provide key components of the Group's business infrastructure such as loan and deposit servicing systems, internet connections and network access. Any problems caused by these third parties, including as a result of their not providing the Group their services for any reason or their performing their services poorly, could adversely affect the

## ***Risk Factors***

Group's ability to deliver products and services to customers and otherwise to conduct business. Replacing these third party vendors could also entail significant delays and expense.

6.38 ***The Group engages in transactions with our subsidiaries or affiliates that others may not consider to be on an arm's-length basis.***

The Group and its subsidiaries and affiliates have entered into a number of services agreements pursuant to which the Group render services, such as administrative, accounting, finance, treasury, legal services and others. The Group relies upon certain outsourced services (including information technology support, maintenance and consultancy services in connection with Partenon) provided by certain other members of the Banco Santander, S.A. group.

English law applicable to public companies and financial groups and institutions, as well as our articles of association, provide for several procedures designed to ensure that the transactions entered into with or among our financial subsidiaries do not deviate from prevailing market conditions for those types of transactions, including the requirement that our board of directors approve such transactions. The Group is likely to continue to engage in transactions with our subsidiaries or affiliates (including our controlling shareholder). Future conflicts of interests between the Group and any of our subsidiaries or affiliates, or among our subsidiaries and affiliates, may arise, which conflicts are not required to be and may not be resolved in our favour.

6.39 ***The Group may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and could have a material adverse effect on it***

The Group is required to comply with applicable anti-money laundering, anti-terrorism and other laws and regulations in the jurisdictions in which it operates. These laws and regulations require the Group, among other things, to adopt and enforce "know-your-customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. These laws and regulations have become increasingly complex and detailed, require improved systems and sophisticated monitoring and compliance personnel and have become the subject of enhanced government supervision.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering and related activities, such policies and procedures have in some cases only been recently adopted and may not completely eliminate instances where the Group may be used by other parties to engage in money laundering and other illegal or improper activities. In addition, the personnel the Group employs in supervising these activities may not have experience that is comparable to the level of sophistication of criminal organisations. To the extent the Group fails to fully comply with applicable laws and regulations, the relevant government agencies to which the Group reports have the power and authority to impose fines and other penalties on it, including the revocation of licences. The Group's business and reputation could also suffer if customers use the Group's banking network for money laundering or illegal or improper purposes.

In addition, while the Group reviews its relevant counterparties' internal policies and procedures with respect to such matters, the Group, to a large degree, relies upon its relevant counterparties to maintain and properly apply their own appropriate anti-money laundering procedures. Such measures, procedures and compliance may not be completely effective in preventing third parties from using the Group's (and its relevant counterparties) as a conduit for money laundering (including illegal cash operations) without the Group's (and its relevant counterparties') knowledge. If the Group is associated with, or even accused of being associated with, or of becoming a party to, money laundering, then its reputation could suffer and/or it could become subject to fines, sanctions and/or legal enforcement (including being added to any "black lists" that would prohibit certain parties from engaging in transactions with the Group), any one of which could have a material adverse effect on the Group's operating results, financial condition and prospects.

6.40 ***Changes in Santander UK's pension liabilities and obligations could have a materially adverse effect***

Santander UK provides retirement benefits for many of its former and current employees in the U.K. through a number of defined benefit pension schemes established under trust. Santander UK plc is the principal employer under these schemes, but the Group has only limited control over the rate at which it pays into such schemes. Under the U.K. statutory funding requirements, employers are usually required to contribute to the schemes at the rate they agree with the scheme trustees,

## ***Risk Factors***

although if they cannot agree, such rate can be set by the Pensions Regulator. The scheme trustees may, in the course of discussions about future valuations, seek higher employer contributions. The scheme trustees' power in relation to the payment of pension contributions depends on the terms of the trust deed and rules governing the pension schemes.

The U.K. Pensions Regulator has the power to issue a financial support direction to companies within a group in respect of the liability of employers participating in the U.K. defined benefit pension plans where that employer is a service company, or is otherwise "insufficiently resourced" (as defined for the purposes of the relevant legislation). As some of the employers within the Group are service companies, if they become insufficiently resourced, other companies within the Group which are connected with or an associate of those employers are at risk of a financial support direction in respect of those employers' liabilities to the defined benefit pension schemes in circumstances where the Pensions Regulator properly considers it reasonable to issue one. Such a financial support direction could require the companies to guarantee or provide security for the pension liabilities of those employers, or could require additional amounts to be paid into the relevant pension schemes in respect of them.

The U.K. courts have previously decided that liabilities under financial support directions issued by the Pensions Regulator against companies after they have gone into administration were payable as an expense of the administration, and did not rank as provable debts. This would have meant that such liabilities must be satisfied before any distributions to unsecured creditors could be made. On 24 July 2013, the Supreme Court issued its decision on this case and reversed the decision of the lower courts, thus pension liabilities will receive no special protection above secured and non-secured creditors.

The Pensions Regulator can also issue contribution notices if it is of the opinion that an employer has taken actions, or failed to take actions, deliberately designed to avoid meeting its pension promises or which are materially detrimental to the scheme's ability to meet its pension promises. A contribution notice can be moved to any company which is connected with or an associate of such employer in circumstances where the Regulator considers it reasonable to issue. The risk of a contribution notice being imposed may inhibit the Group's freedom to restructure or to undertake certain corporate activities.

In a judgment handed down on 18 December 2013, the High Court has held that, where multiple group companies are potential targets for the Pensions Regulator's power to issue contribution notices, the aggregate total of the contributions required by those notices was not limited to the amount required to fully fund the deficit in the relevant pension scheme under section 75 of the Pensions Act 1995 (Section 75). Although such a limit still applies in relation to a single contribution notice, this judgment means that, where there is more than one target for the Pensions Regulator's powers, each of the contribution notices it could issue to those targets can be for the full amount of the Section 75 funding deficit and, further, the scheme may, under such multiple contribution notices, recover more than the actual or notional employer debt, potentially creating a surplus for the scheme. The High Court's decision reopens the issue of schemes having a superior priority position over other creditors. This decision is expected to be the subject of an appeal to the Court of Appeal.

Any increase in the current size of the deficit in the defined benefit schemes operated by the Group, due to reduction in the value of the pension fund assets (depending on the performance of financial markets) or an increase in the pension fund liabilities due to changes in mortality assumptions, the rate of increase of salaries, discount rate assumptions, inflation, the expected rate of return on plan assets, or other factors, could result in the Group having to make increased contributions to reduce or satisfy the deficits which would divert resources from use in other areas of its business and reduce Santander UK's capital resources. While the Group can control a number of the above factors, there are some over which it has no or limited control. Although the trustees of the defined benefit pension schemes are obliged to consult with the Group before changing the pension schemes' investment strategy, the trustees have the final say and ultimate responsibility for investment strategy rests with them. For example the Group's principal defined pension scheme is the Santander (UK) Group Pension Scheme and its corporate trustee is Santander (UK) Group Pension Scheme Trustee Limited (the "**Trustee**"), a wholly-owned subsidiary of Santander UK plc. As at 31 December 2013, the Trustee had 14 directors, comprising seven Santander UK-appointed directors and seven member-elected directors. Investment decisions are delegated by the Trustee to a common investment fund, managed by Santander (CF) Trustee Limited, a private limited company owned by seven Trustee directors, four appointed by Santander UK plc and three by the Trustee. The Trustee directors' principal duty, within the investment powers delegated to them, is to act in the best interest of the members of the

## ***Risk Factors***

Santander (UK) Group Pension Scheme and not that of Santander UK. Any increase in the Group's pension liabilities and obligations could have a material adverse effect on its operating results, financial condition and prospects.

The ongoing changes in the U.K. supervision and regulatory regime and particularly the implementation of the ICB's recommendations may require the Group to make changes to its structure and business which could have an impact on its pension schemes or liabilities. For a discussion of the ICB's recommendations see "*The Group is subject to substantial regulation and governmental oversight which could adversely affect the Group's business and operations*".

### **6.41 *Disclosure controls and procedures over financial reporting may not prevent or detect all errors or acts of fraud.***

Disclosure controls and procedures over financial reporting are designed to reasonably assure that information required to be disclosed by the Group in reports filed or submitted under the US Securities Exchange Act of 1934, as amended (the "**Exchange Act**") is accumulated and communicated to management, and recorded, processed, summarised and reported within the time periods specified in the SEC's rules and forms.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Consequently, the Group businesses are exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of 'rogue traders' or other employees. It is not always possible to deter employee misconduct and the precautions the Group takes to prevent and detect this activity may not always be effective. As a result of the inherent limitations in the control system, misstatements due to error or fraud may occur and not be detected.

## *Description of the Issuer*

### DESCRIPTION OF THE ISSUER

#### ABBEY NATIONAL TREASURY SERVICES PLC

Abbey National Treasury Services plc is a public limited liability company incorporated (on 24 January 1989) and registered in England and Wales under the Companies Act 1985 (registered number 2338548). The Issuer is incorporated in England and has its registered office at 2 Triton Square, Regent's Place, London NW1 3AN. The telephone number of the Issuer is +44 (0) 870 607 6000. The Issuer is regulated by the Prudential Regulation Authority and the Financial Conduct Authority and is an authorised person with permission to accept deposits under the FSMA.

The Issuer is a wholly-owned subsidiary of Santander UK. ANTS and its subsidiaries are part of Banco Santander, which is the ultimate parent company. The shares of ANTS are not traded on the London Stock Exchange.

#### **Business Overview**

ANTS provides treasury, corporate and wholesale banking services. ANTS provides these services to UK clients and also to the wider Santander UK Group, of which ANTS is a significant part. ANTS is also the treasury support function for the Santander UK Group. In this regard, ANTS's role is to provide access to financial markets and central bank facilities in order to meet the Santander UK Group's liquidity, funding, capital and balance sheet management requirements. As such, ANTS is one of the main debt issuance vehicles in the Santander UK Group.

The management structure of the Issuer consists of three main business divisions, organised as follows:

#### **(a) Commercial Banking (formerly known as Corporate Banking)**

Commercial Banking offers a wide range of products and financial services to UK Companies. Commercial Banking products and services include loans, bank accounts, deposits and treasury services.

The Large Corporates business offers specialist treasury services in fixed income and foreign exchange, lending, transactional banking services, capital markets and money markets to large multi-national corporate customers. Lending includes syndicated loans and structured finance. Transactional banking includes trade finance and cash management. Money market activities include securities lending/borrowing and repos.

#### **(b) Markets**

Markets offers risk management and other services to financial institutions, as well as other Santander UK divisions. Its main product areas are fixed income and foreign exchange, equity, capital markets and institutional sales.

#### **(c) Corporate Centre**

Corporate Centre consists of Financial Management & Investor Relations ("**FMIR**") and the non-core portfolios of social housing loans and structured credit assets. FMIR is responsible for managing capital and funding, balance sheet composition, structural market risk and strategic liquidity risk for the Santander UK Group. The non-core portfolios are being run-down and/or managed for value.

As at the date hereof, the following are the members of the Board of Directors of the Issuer:

<b>Position</b>	<b>Name</b>	<b>Other principal activities</b>
Executive Director	Justo Gómez	Finance Director, Santander UK plc.
Executive Director	David Green	Director of Financial Reporting and Accounting, Santander UK plc.

### ***Description of the Issuer***

Executive Director	John Hennessy	None.
Executive Director	Stephen Jones	Director of Santander UK plc.
Executive Director	Stephen Pateman	Director of Santander UK plc and Chairman and Director of Santander Asset Management UK Limited.
Executive Director	Jacques Ripoll	None.
Non-Executive Director	Jorge de la Vega	Head of Product Solutions, Santander UK plc.

The business address of each of the above is 2 Triton Square, Regent's Place, London NW1 3AN with telephone number +44 (0) 870 607 6000. None of the above has any activities outside the Group which are significant within the context of the Group.

### **Conflicts of Interest**

There are no actual or potential conflicts of interest between the duties to ANTS of the persons listed as members of the Board of Directors above and their private interests or other duties.

### **Corporate Governance**

The Issuer complies with the requirements of the United Kingdom's corporate governance regime to the extent applicable to it.



## *Description of the Guarantor and the Group*

### DESCRIPTION OF THE GUARANTOR AND THE GROUP

#### SANTANDER UK PLC AND THE GROUP

##### **Background**

Santander UK plc was formed as a building society in 1944 and is now a public limited liability company incorporated and registered in England and Wales under the Companies Act 1985. It was incorporated on 12 September 1988 with registered number 2294747.

The principal executive office and registered office of Santander UK is at 2 Triton Square, Regent's Place, London, NW1 3AN. The telephone number of Santander UK is +44 (0) 870 607 6000.

As at the date of this Prospectus, shares in Santander UK plc are beneficially owned by Santander UK Group Holdings Limited, which is a directly owned subsidiary of Banco Santander, S.A. and its indirect wholly owned subsidiary company Santusa Holding, S.L. Legal ownership of shares in Santander UK plc will transfer from Banco Santander, S.A. and Santusa Holding, S.L. to Santander UK Group Holdings Limited upon receipt of stamped stock transfer forms from the Stamp Office.

##### **Corporate Purpose**

Santander UK's purpose is to help people and businesses prosper throughout the United Kingdom.

##### **Business and Support Divisions**

Santander UK, headed by Ana Botín, Chief Executive Officer, operates four business divisions as follows:

##### ***Retail Banking***

Retail Banking offers a wide range of products and financial services to customers through a network of branches and ATMs, as well as through, telephony, e-commerce and intermediary channels. It principally serves personal banking customers, but also services small businesses with a turnover of less than £250,000 per annum. Retail Banking products include residential mortgage loans, savings and current accounts, credit cards and personal loans as well as a range of insurance products.

##### ***Commercial Banking (formerly known as Corporate Banking)***

Commercial Banking offers a wide range of products and financial services to customers through a network of regional business centres and through telephony and e-commerce channels. Commercial Banking products and services include loans, bank accounts, deposits, treasury services, invoice discounting, cash transmission and asset finance.

The SME and mid corporate business principally serves small and medium enterprises with an annual turnover of more than £250,000 up to £50m ("**SMEs**"), and other corporate customers with an annual turnover of up to £500m. This also includes real estate lending.

The Large Corporates business offers specialist treasury services in fixed income and foreign exchange, lending, transactional banking services, capital markets and money markets to large multinational corporate customers with an annual turnover of more than £500m. Lending includes syndicated loans and structured finance. Transactional banking includes trade finance and cash management. Money market activities include securities lending/borrowing and repos.

##### ***Markets***

Markets offers risk management and other services to financial institutions, as well as other Santander UK divisions. Its main business areas are fixed income and foreign exchange, equity, capital markets and institutional sales.

##### ***Corporate Centre***

### ***Description of the Guarantor and the Group***

Corporate Centre includes Financial Management & Investor Relations ("FMIR") and the non-core corporate and legacy portfolios as well as the co-brand credit card business. FMIR is responsible for managing capital and funding, balance sheet composition, structural market risk and strategic liquidity risk for the Santander UK group. The non-core corporate and legacy portfolios include aviation, shipping, infrastructure, commercial mortgages, Social Housing loans and structured credit assets, all of which are being run-down and/or managed for value. The sale of the co-brand credit card business was completed in 2013.

#### **Directors of Santander UK plc**

The following table sets forth the directors of Santander UK plc.

<b>Position</b>	<b>Name</b>	<b>Other principal activities</b>
Chair	Lord Terence Burns	Member of the Banco Santander, S.A. International Advisory Board; Chairman of Channel 4 Television Corporation; Life Peer of the House of Lords; Non-Executive Member of the Office of Budget Responsibility; Member of the Whistleblowing Commission; and Director of Santander UK Group Holdings Limited.
Deputy Chairman and Non-Executive Director	Juan Rodríguez Inciarte	Director of Santander Consumer Finance, S.A.; Executive Director of Banco Santander, S.A.; Director of Banco Banif, S.A.; Vista Capital de Expansión S.A.; Director of Santander UK Group Holdings Limited; and SAM Investment Holdings Limited.
Executive Director and Chief Executive Officer	Ana Botín	Executive Director of Banco Santander, S.A.; Member of the International Advisory Board of the NYSE; Non-Executive Director of The Coca Cola Company; Non-Executive Director SAM Investment Holdings Limited; and Executive Director of Santander UK Group Holdings Limited.
Executive Director and Head	Stephen Pateman	Member of the Chartered Banker Professional Standards Board; Chair of BBA Retail Committee; Director of Abbey National Treasury Services plc; Chairman and Director of Santander Asset Management UK Limited; and Executive Director of Santander UK Group Holdings Limited.
Executive Director and Chief Financial Officer	Stephen Jones	Member of the Board of the British Bankers Association; Member of the FCA Practitioner Panel; Member of the Advisory Council of the City UK; Abbey National Treasury Services plc; and Executive Director of Santander UK Group Holdings Limited.
Non-Executive Directors	Rosemary Thorne	Non-Executive Director of Smurfitt Kappa Group plc; and Non-Executive Director of Santander UK Group Holdings Limited.
	Roy Brown	Non-Executive Director of Santander UK Group Holdings Limited.
	José María Carballo	Chairman of La Unión Résinera Española S.A.; Director of Santander Banif Inmobiliario, F.I.I.; Chairman of Vista Desarrollo, S.A. S.C.R.;

### ***Description of the Guarantor and the Group***

<b>Position</b>	<b>Name</b>	<b>Other principal activities</b>
		Director of Vista Capital Expansi3n S.A. S.G.E.C.R.; Santander Private Real Estate Advisory, S.A.; and Non-Executive Director of Santander UK Group Holdings Limited.
	Jos3 Maria Fuster	Chief Information Officer of Banco Santander, S.A.; Director of Openbank, S.A.; Director of Santander Consumer Bank AG; Director of Santander Consumer Holdings GmBH; Director of Ingenieria de Software Bancario, S.L. (ISBAN); Managing Director, Banco Santander Group Technology and Operations; Director of Grupo Santander Holdings USA, Inc.; and Non-Executive Director Santander UK Group Holdings Limited.
	Bruce Carnegie-Brown	Chairman of Aon UK Limited; Senior Independent Director of Close Brothers Group plc; Senior Independent Director of Catlin Group Limited; Non-Executive Director of Moneysupermarket.com Group plc; and Non-Executive Director of Santander UK Group Holdings Limited.
	Antonio Esc3mez Torres	Chairman of Fundaci3n Banco Santander; Member of the Banco Santander International Advisory Board; Chairman of Santander Consumer Finance, S.A.; Chairman of Openbank, S.A.; Chairman of Arena Media Communications Espana, S.A.; Vice Chairman of Grupo Konnectanet S.L.; Vice-Chairman of Attijariwafa Bank Soci3t3 Anonyme; and Non-Executive Director of Santander UK Holdings Limited.
	Michael Amato	President and Chief Executive of Cimarron Inc.; Chief Executive Officer of MAX451; and Non-Executive Director of Santander UK Group Holdings Limited.
	Alain Dromer	Member of the Board of Moody's Investors Service Limited; Member of the Board of Moody's Deutschland GmbH; Member of the Board of Moody's France SA; Non-Executive Director of Majid Al Futtaim Trust LLC; and Non-Executive Director of Santander UK Group Holdings Limited.
	Scott Wheway	Non-Executive Director of Aviva plc; and Non-Executive Director of Santander UK Group Holdings Limited.
	Manuel Soto	Director of Cartera Industrial Rea, S.A.; Director of Santander Bank, NA; Member of the Board, Grupo Lar Inversiones Inmobiliarias, S.A.; Member of Advisory Board, Grupo Barcel3; Member of Advisory Board, Befesa Medio Ambiente, S.A.; and Non-Executive Director of Santander UK Group Holdings Limited.

Santander UK plc announced on 3 February 2014 that regulatory approval has been received for the appointment of Nathan Bostock as Deputy Chief Executive Officer. The effective date of the appointment is not yet confirmed, but when Nathan formally takes up his position he will join the Board of Santander UK plc as an Executive Director.

The business address of each of the directors is 2 Triton Square, Regent's Place, London NW1 3AN with telephone number +44 (0) 870 607 6000.

#### **Conflicts of Interest**

There are no potential conflicts of interest between the duties to the Guarantor of the persons listed under "Directors of Santander UK plc" above and their private interests and/or other duties.

## *Documents Incorporated by Reference*

### DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Information Memorandum and have been filed with the Luxembourg Stock Exchange and the Irish Stock Exchange shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (1) the (i) audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2013, which appear on pages 106 to 183; (ii) Risk Management Report appearing on pages 25 to 96, with the exception of any section which is marked as unaudited; (iii) section entitled "Sources and uses of funding and liquidity" on page 22; and (iv) section entitled "Material Contracts" on page 202; in each case of the Issuer's Annual Report and Accounts for the year ended 31 December 2013 (available at: [www.aboutsantander.co.uk/investors.aspx](http://www.aboutsantander.co.uk/investors.aspx));
- (2) the (i) audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2012, which appear on pages 110 to 189, and (ii) Risk Management Report on pages 40 to 78 and pages 84 to 98, except for those items marked as unaudited; in each case, of the Issuer's Annual Report and Accounts for the year ended 31 December 2012 (available at: [www.aboutsantander.co.uk/investors.aspx](http://www.aboutsantander.co.uk/investors.aspx));
- (3) the (i) audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2013, which appear on pages 201 to 316; (ii) Risk Management Report appearing on pages 61 to 163, with the exception of any section which is marked as unaudited; (iii) audited information in the "Director's Report" on page 191; (iv) section entitled "UK Government Schemes" on page 57; (v) section entitled "Sources and uses of funding and liquidity" on page 57; and (vi) section entitled "Material Contracts" on page 335; in each case, of the Guarantor's Annual Report and Accounts for the year ended 31 December 2013 (available at: [www.aboutsantander.co.uk/investors.aspx](http://www.aboutsantander.co.uk/investors.aspx)); and
- (4) the (i) audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2012, which appear on pages 199 to 309, on pages 74 to 134 and pages 140 to 162, except those items marked as unaudited; (ii) section entitled "FSA Remuneration Disclosures" on pages 194 to 198; (iii) the section entitled "Bank of England Special Liquidity Scheme" on page 58; and (iv) audited information in the "Director's Report" on pages 181 to 192; in each case, of the Guarantor's Annual Report and Accounts for the year ended 31 December 2012 (available at: [www.aboutsantander.co.uk/investors.aspx](http://www.aboutsantander.co.uk/investors.aspx)).

provided also that any statement contained in a document, all or the relevant portion of which is incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Information Memorandum.

Specific information incorporated by reference in the documents listed at (1) to (4) above is available as follows:

ANTS	
<b>Annual Report and Accounts for the year ended 31 December 2013</b>	
Consolidated Balance Sheet	Page 109
Consolidated Income Statement	Page 108
Auditor's Report	Page 107
Notes to the financial statements	Page 114
<b>Annual Report and Accounts for the year ended 31</b>	

***Documents Incorporated by Reference***

<b>December 2012</b>	
Consolidated Balance Sheet	Page 113
Consolidated Income Statement	Page 112
Auditor's Report	Page 111
Notes to the financial statements	Page 118
<b>SANTANDER UK PLC</b>	
<b>Annual Report and Accounts for the year ended 31 December 2013</b>	
Consolidated Balance Sheet	Page 206
Consolidated Income Statement	Page 205
Auditor's Report	Page 202
Notes to the financial statements	Page 212
<b>Annual Report and Accounts for the year ended 31 December 2012</b>	
Consolidated Balance Sheet	Page 202
Consolidated Income Statement	Page 19
Auditor's Report	Page 200
Notes to the financial statements	Page 208

In addition, the following information can be found in the Annual Report and Accounts for the year ended 31 December 2013 of the Issuer and the Guarantor, as applicable:

<b>ANTS</b>	
A description of the share capital of the Issuer	Page 156
<b>SANTANDER UK PLC</b>	
A description of the share capital of the Guarantor	Page 281

In addition to the above, the following terms and conditions shall be incorporated by reference in, and form part of, this Information Memorandum:

- (5) the Terms and Conditions set out on pages 59 to 168 of the Base Prospectus dated 28 March 2007 relating to the Issuer's Structured Note Programme;
- (6) the Conditions set out on pages 149 to 280 of the Base Prospectus dated 26 March 2008 relating to the Issuer's Structured Note Programme;

### ***Documents Incorporated by Reference***

- (7) the Conditions set out on pages 147 to 297 of the Base Prospectus dated 26 March 2009 relating to the Issuer's Structured Note Programme;
- (8) the Conditions set out on pages 155 to 315 of the Base Prospectus dated 14 April 2010 relating to the Issuer's Structured Note Programme;
- (9) the Conditions set out on pages 109 to 292 of the Prospectus dated 12 April 2011 relating to the Issuer's Structured Note Programme;
- (10) the Conditions set out on pages 82 to 299 of the Prospectus dated 5 April 2012 relating to the Issuer's Note, Certificate and Warrant Programme; and
- (11) the Conditions set out on pages 99 to 337 of the Information Memorandum dated 5 April 2013 relating to the Issuer's Global Structured Solutions Programme.

In addition, the following documents published or issued from time to time after the date of this Information Memorandum shall be deemed to be incorporated in, and form part of, this Information Memorandum:

- (12) the most recently published Annual Report and Accounts containing audited consolidated and non-consolidated annual financial statements and, if published later, the most recently published Interim Financial Results containing interim consolidated and non-consolidated financial statements (if any) of the Issuer as the same may be amended from time to time;
- (13) the most recently published Annual Report and Accounts containing audited consolidated and non-consolidated annual financial statements and, if published later, the most recently published Interim Financial Results containing interim consolidated and non-consolidated financial statements (if any) and the most recently published and publicly available unaudited Quarterly Management Statement (if any) of the Guarantor as the same may be amended from time to time; and
- (14) all supplements or amendments to this Information Memorandum circulated by the Issuer and/or the Guarantor from time to time,

provided that such documents shall not form part of the Information Memorandum for the purposes of any Securities to be admitted to trading on the Global Exchange Market of the Irish Stock Exchange.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a subsequent statement which is deemed to be incorporated by reference herein or contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise) (provided, however, that such statement shall only form part of the Information Memorandum to the extent that it is contained in a document, all or the relevant part of which is incorporated by reference by way of a supplement prepared in accordance with the requirements of the Irish Stock Exchange in the case of Securities to be admitted to trading on the Global Exchange Market or in accordance with Article 10.2 of Part 2, Chapter I of the rules and regulations of the Luxembourg Stock Exchange in the case of the Securities to be admitted to trading on the Euro MTF Market). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Information Memorandum.

Copies of the source documents from which the information listed at (1) to (14) above, has been incorporated by reference in this Information Memorandum are available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Issuer and the Guarantor and at the specified offices of the Paying Agents. Copies of the source documents from which information listed at (1) to (11) above, has been incorporated by reference in this Information Memorandum and, if approved by the Luxembourg Stock Exchange for the purposes of the admission of Securities to trading on the Euro MTF Market, any supplements to the Information Memorandum approved by the Luxembourg Stock Exchange, are also available on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).

Copies of the documents incorporated by reference in this Information Memorandum, listed at (5) to (11) above are available at: [www.aboutsantander.co.uk/investors.aspx](http://www.aboutsantander.co.uk/investors.aspx).

### ***Documents Incorporated by Reference***

Any documents themselves incorporated by reference in the documents incorporated by reference in this Information Memorandum shall not form part of this Information Memorandum.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Information Memorandum which is capable of affecting the assessment of any Securities to be admitted to trading on the Euro MTF Market, prepare a supplement to this Information Memorandum in accordance with Article 10.2 of Part 2, Chapter I of the rules and regulations of the Luxembourg Stock Exchange. Any supplement to this Information Memorandum or a new Information Memorandum will be published in accordance with Article 10.1 of Part 2, Chapter I of the rules and regulations of the Luxembourg Stock Exchange (as far as the Securities admitted to trading on the Euro MTF Market are concerned).

In addition, the Issuer and the Guarantor will, in the event that they become aware that: (1) there is a significant change affecting any matter contained in the Information Memorandum; or (2) a significant new matter arises, the inclusion of information in respect of which would have been so required if it had arisen at the time when the Information Memorandum was prepared, prepare a supplement to this Information Memorandum. Any such supplement will be published in accordance with the requirements of the Irish Stock Exchange.

## *General Description of the Programme*

### GENERAL DESCRIPTION OF THE PROGRAMME

*The following general description does not purport to be complete and is qualified in its entirety by the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Securities, the applicable Pricing Supplement. The Issuer, the Guarantor and any relevant Dealer may agree that Securities may be issued in a form other than that contemplated in the Terms and Conditions, in which event, if appropriate, a new Information Memorandum or a supplement to this Information Memorandum will be published which will describe the effect of the agreement reached in relation to such Securities.*

Words and expressions defined in "Form of the Securities", the "Terms and Conditions of the N&C Securities" and the "Terms and Conditions of the Warrants" shall have the same meanings in this General Description.

#### **Issuer and Guarantor**

Abbey National Treasury Services plc (the "**Issuer**") may from time to time under the Programme issue notes ("**Notes**"), redeemable certificates ("**Certificates**" and together with the Notes, the "**N&C Securities**"), and warrants ("**Warrants**" and together with the N&C Securities, the "**Securities**"). Securities issued by Abbey National Treasury Services plc under the Programme will be unconditionally and irrevocably guaranteed by Santander UK plc (the "**Guarantor**").

#### **Programme Authorisation**

This Information Memorandum supersedes the prospectus dated 5 April 2013 previously issued by the Issuer and Guarantor in respect of the Global Structured Solutions Programme. The continuation of the Programme and the issue of Securities had been duly confirmed and authorised by a resolution of the Board of Directors of Abbey National Treasury Services plc dated 28 February 2013 and a funding and programme approval and authorisation in respect of Abbey National Treasury Services plc given by two directors of Abbey National Treasury Services plc dated 25 March 2014. The giving of the guarantee of the Securities by Santander UK plc had been duly authorised by a resolution of the Board of Directors of Santander UK plc dated 26 February 2013 and a funding and programme approval and authorisation in respect of Santander UK plc given by two directors of Santander UK plc dated 25 March 2014.

#### **Programme Size**

The maximum aggregate outstanding nominal amount of all N&C Securities and aggregate issue prices of outstanding Warrants from time to time issued under the Programme will not exceed €10,000,000,000 (or its equivalent in other currencies calculated as described herein) less the aggregate outstanding nominal amount of all N&C Securities and aggregate issue prices of outstanding Warrants from time to time issued under the Issuer's Note, Certificate and Warrant Programme described in the Base Prospectus dated 28 January 2014 (as revised, supplemented or amended from time to time) approved by the Central Bank of Ireland, subject to increase as described herein.

#### **Listing and Admission to Trading**

Securities may be:

- (a) listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market. The Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive;
- (b) admitted to the Official List of the Irish Stock Exchange and to trading on the Global Exchange Market of the Irish Stock Exchange. The Irish Stock Exchange's Global Exchange Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive;
- (c) listed or admitted, as the case may be, on other or further stock exchange(s) or markets (other than in respect of an admission to trading on any market in the EEA which has been designated as a regulated market for the purposes of the Prospectus Directive) as indicated in the applicable Pricing Supplement in relation to each Series; or



## *General Description of the Programme*

- (d) neither listed nor admitted to trading on any market.

The applicable Pricing Supplement will state whether or not the relevant Securities are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Application has been made to the Luxembourg Stock Exchange for Securities issued under the Programme to be admitted to trading on the Euro MTF Market and to be listed on the Official List of the Luxembourg Stock Exchange. Application has also been made to the Irish Stock Exchange for Securities issued under the Programme to be admitted to the Official List of the Irish Stock Exchange and to trading on the Irish Stock Exchange's Global Exchange Market. The listing of the Programme on the Irish Stock Exchange in respect of Securities is expected to be granted on 3 April 2014.

### **Types of Securities**

Subject to compliance with all relevant laws, regulations and directives, the Securities that may be issued under the Programme may be Securities where the interest payment, the redemption amount or amount to be paid or delivered on settlement is linked to:

- (a) a share or a depository receipt representing a share or a basket of shares or depository receipts ("**Equity Linked Securities**");
- (b) an equity index or a basket of equity indices, an exchange traded fund or a basket of such funds ("**Equity Index/ETF Linked Securities**");
- (c) a commodity, a basket of commodities, a commodity index or a basket of commodity indices ("**Commodity Linked N&C Securities**");
- (d) a foreign exchange rate or a basket of foreign exchange rates ("**Currency Linked Securities**");
- (e) the credit of a reference entity such as a company or a sovereign, or a basket of reference entities ("**Credit Linked N&C Securities**");
- (f) an inflation index or a basket of inflation indices ("**Inflation Index Linked Securities**");
- (g) an fund or a basket of funds ("**Fund Linked Securities**");
- (h) a property index or a basket of property indices ("**Property Index Linked Securities**");
- (i) an interest rate ("**Interest Rate Linked Securities**");
- (j) any combination of any of the above ("**Cross Asset Linked Securities**"); or
- (k) any other underlying asset or reference.

**Investors must review the relevant Pricing Supplement to ascertain how the performance of the Reference Item(s) will affect the amount(s) payable and/or deliverable on the Securities.**

### **Settlement**

Settlement of the Securities may be by way of cash or by physical delivery of the relevant Asset Amount or Entitlement as specified by the applicable Pricing Supplement and/or the Conditions. Securityholders may be required to pay certain expenses in relation to Securities subject to physical delivery, which may be reflected by way of a deduction of such expenses from the Asset Amount or Entitlement to be delivered.

**Prospective investors must review the applicable Pricing Supplement to ascertain what the Reference Items are and the Conditions and the applicable Pricing Supplement to see how the Cash Settlement Amount, Final Redemption Amount, Early Redemption Amount or the Asset Amount or Entitlement, as the case may be, and any periodic interest payments are**

## *General Description of the Programme*

**determined and when such amounts are payable and/or deliverable, as the case may be, before making any decision to purchase any Securities.**

### **Distribution**

Securities may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. For the avoidance of doubt, this Information Memorandum has not been approved as a base prospectus for the purposes of the Prospectus Directive and, accordingly, no offer to the public may be made for the purposes of the Prospectus Directive.

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

As a result of the restrictions set out in the section of this Information Memorandum entitled "*Subscription and Sale*" on page 468, purchasers of Securities are advised to consult legal or other expert advisors prior to making any purchase, offer, sale, resale or other transfer of such Securities.

### **Form of Securities**

The N&C Securities of each Series will initially be represented by a global security in bearer form.

Bearer N&C Securities will be issued outside the United States to non-U.S. persons in reliance on Regulation S. Immobilised Bearer N&C Securities will be issued through Citibank, N.A., London Branch in its capacity as Book-Entry Depository pursuant to an amended and restated N&C Securities Depository Agreement dated on or about the date of this Information Memorandum only (a) outside the United States in offshore transactions to non-U.S. persons in reliance on the exemption from registration provided by Regulation S and/or (b) within the United States or to, or for the account or benefit of, U.S. persons that are QIBs in reliance on Rule 144A, as described in "*Form of the Securities*".

The Warrants will be represented by a Permanent Global Warrant in registered form which will be held by a common depository for Euroclear and Clearstream, Luxembourg and will be registered in its name. Payments in respect of the Warrants represented thereby will be made by or on behalf of the Issuer to the common depository as registered holder. Any such payments will discharge the Issuer's obligations in respect thereof. Definitive Warrants will not be issued.

### **CREST Depository Interests**

If CREST Depository Instruments are specified in the Pricing Supplement, investors may hold indirect interests in the N&C Securities (such N&C Securities being "**Underlying Securities**") through CREST (being the system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited or any successor thereto in accordance with the United Kingdom Uncertificated Securities Regulations 2001) by holding dematerialised depository interests ("**CREST Depository Interests**").

CREST Depository Interests are independent securities constituted under English law issued, held, settled and transferred through Euroclear UK and Ireland Limited (formerly known as CRESTCo Limited) ("**CREST**"). CREST Depository Interests are issued by CREST Depository Limited or any successor thereto (the "**CREST Depository**") pursuant to the global deed poll dated 25 June 2001 (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the "**CREST Manual**")) (as subsequently modified, supplemented and/or restated) (the "**CREST Deed Poll**").

CREST Depository Interests represent indirect interests in the Underlying Securities to which they relate and holders of CREST Depository Interests will not be the legal owners of the Underlying Securities. Holders of CREST Depository Instruments will not be entitled to deal directly in the N&C Securities and, accordingly, all dealings in the N&C Securities will be effected through CREST in relation to the holding of CREST Depository Interests.

The Underlying Securities (as distinct from the CREST Depository Interests representing indirect interests in such Underlying Securities) will be held in an account with a custodian. The custodian will hold the Underlying Securities through the relevant Clearance System. Rights in the Underlying Securities will be held through custodial and depository links through the relevant

### ***General Description of the Programme***

Clearance System. The legal title to the Underlying Securities or to interests in the Underlying Securities will depend on the rules of the relevant Clearance System in or through which the Underlying Securities are held.

CREST International Nominees Limited or another entity appointed to act as nominee in accordance with the CREST Deed Poll (the "**CREST Nominee**") will hold the legal title to the Underlying Securities and the direct enforcement right in respect of the Underlying Securities. This could result in a holder of CREST Depository Interests receiving less than, or none of, the full amount payable in respect of the Underlying Securities in the event of any insolvency or liquidation of any relevant intermediary, in particular where the Underlying Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the holders of CREST Depository Interests in respect of their indirect interests in the relevant N&C Securities will be governed by the arrangements between CREST and Euroclear Bank S.A., Euroclear Bank N.V. and/or Clearstream Banking, SA, Luxembourg or any other clearing system specified in the Pricing Supplement in respect of the relevant N&C Securities in which the Underlying Securities are held, including the CREST Deed Poll executed by the CREST Depository. These rights are different from those of holders of N&C Securities which are not represented by CREST Depository Interests.

CREST Depository Interests are further described in the section entitled "*Book-Entry Clearance Systems and Settlement*".

#### **Governing Law**

The Securities and any non-contractual obligations arising out of or in connection with the Securities will be governed by, and construed in accordance with, English law.

## ***General Terms and Conditions of the N&C Securities***

### **GENERAL TERMS AND CONDITIONS OF THE N&C SECURITIES**

*The following general terms and conditions (the "N&C Security Conditions"), together with the Annex(es) (if applicable), are the terms and conditions (collectively, the "Conditions") of the N&C Securities which will be incorporated by reference into each Global N&C Security (as defined below) and each definitive N&C Security, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the Dealer at the time of issue but, if not so permitted and agreed, such definitive N&C Security will have endorsed thereon or attached thereto such Conditions. The applicable Pricing Supplement in relation to any Tranche of N&C Securities will complete and supplement the Conditions in relation to each Tranche of N&C Securities and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, together with the Annex(es) (if applicable), replace or modify the following Conditions for the purpose of such N&C Securities. The applicable Pricing Supplement, (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global N&C Security and definitive N&C Security. Reference should be made to the "Applicable Pricing Supplement" for a description of the content of the applicable Pricing Supplement which will specify which of such terms are to apply in relation to the relevant N&C Securities. References in these Conditions to "Pricing Supplement" shall mean a tranche of N&C Securities issued pursuant to these Conditions.*

This N&C Security is one of a Series of N&C Securities (such N&C Securities being referred to hereinafter as "**N&C Securities**") issued by Abbey National Treasury Services plc (the "**Issuer**", which expression shall include any substitute pursuant to N&C Security Condition 15 (Substitution) below) pursuant to an Agency Agreement (as defined below). N&C Securities will be either notes ("**Notes**") or redeemable certificates ("**Certificates**"), as specified in the applicable Pricing Supplement, and references in these Terms and Conditions to "**N&C Security**", "**N&C Securities**", "**Note**", "**Notes**", "**Certificate**" or "**Certificates**" will be construed accordingly. This N&C Security is one of a Series (as defined below) of securities issued by the Issuer.

References herein to the "**N&C Securities**" shall be references to the N&C Security of this Series and shall mean:

1. in relation to any N&C Security(ies) represented by a global N&C Security in bearer form (a "Global N&C Security" (which includes any Bearer Global N&C Security and any Immobilised Bearer Global N&C Security (as defined below)):
  - (a) in the case of N&C Securities issued by nominal amount, units of each Specified Denomination in the Specified Currency of the applicable N&C Securities, each as specified in the applicable Pricing Supplement; and
  - (b) in the case of N&C Securities issued by unit, each unit of applicable N&C Securities;
2. any Global N&C Security;
3. any certificated depositary interests (in the case of Immobilised Bearer Global N&C Securities (as defined below) to be settled through Euroclear and/or Clearstream, Luxembourg) and certificateless depositary interests (in the case of Immobilised Bearer Global N&C Securities to be settled through DTC and such certificateless depositary interests, together with the certificated depositary interests, "**CDIs**" (as further defined in N&C Security Condition 1.6 below));
4. any Book Entry Interest (as defined in N&C Security Condition 1.6);
5. any definitive N&C Securities in bearer form ("Definitive Bearer N&C Securities") issued in exchange for a Bearer Global N&C Security; and
6. any definitive N&C Securities in registered (or inscribed) form ("Definitive Registered N&C Securities").

The N&C Securities, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated on or about 3 April 2014 (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") made between the Issuer, Santander UK plc (the "**Guarantor**") as guarantor, Citibank, N.A., London as issuing and principal paying agent and transfer agent (the "**Principal Paying Agent**", which expression shall include any additional or successor agent acting in such capacities) and exchange agent (the "**Exchange Agent**" which expression shall include any additional or successor exchange agents), Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**", which expression shall include any additional or successor registrar) and as transfer agent (the "**Transfer Agent**", which expression

## *General Terms and Conditions of the N&C Securities*

shall include the Principal Paying Agent in its capacity as a transfer agent and any additional or successor transfer agents) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**"). The Principal Paying Agent, the Registrar, the Paying Agents, the Transfer Agent, the Exchange Agent and the Calculation Agent are together referred to as the "**Agents**".

References to "**Calculation Agent**" are to the entity specified as such in the applicable Pricing Supplement or any successor in such capacity.

The Issuer's obligations in respect of this N&C Security have been guaranteed by the Guarantor pursuant to a guarantee (such guarantee, as modified, supplemented and/or restated from time to time, the "**Guarantee**") dated 5 April 2013 and executed by the Guarantor. The original Guarantee is held by the Principal Paying Agent at its specified office.

Interest bearing Definitive Bearer N&C Securities have interest coupons ("**Coupons**") and in the case of N&C Securities which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference in these Conditions to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer N&C Securities repayable in instalments (including Partial Redemption N&C Securities) have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Definitive Registered N&C Securities and Global N&C Securities do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this N&C Security (or the relevant provisions thereof) is set out in Part A of the Pricing Supplement attached to or endorsed on this N&C Security which supplements these General Terms and Conditions of the N&C Securities (the "**Conditions**", which term shall include one or more Annex(es) in the form annexed hereto (each an "**Annex**") if specified as applicable herein and/or in such Pricing Supplement) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify the Conditions for the purposes of this N&C Security. References to the "**applicable Pricing Supplement**" are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this N&C Security and provisions relating to types of Variable Interest Rate N&C Securities and Variable Redemption N&C Securities for which no Annex exists shall be set out, if required, in the applicable Pricing Supplement.

Any reference to "**N&C Securityholders**" or "**holders**" in relation to any N&C Securities shall mean the holders of the relevant N&C Security, as applicable, and shall, in relation to any N&C Securities represented by a Global N&C Security, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means N&C Securities which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of N&C Securities together with any further Tranche or Tranches of N&C Securities which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The N&C Securityholders, the Receiptholders and the Couponholders are entitled to the benefit of the deed of covenant (such deed of covenant as modified, supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 5 April 2013 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear, Clearstream, Luxembourg and DTC (each as defined herein).

Copies of the Agency Agreement (which contains the form of the Guarantee and the Deed of Covenant) are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Pricing Supplement are available for viewing during normal business hours at the specified office of each of the Paying Agents and copies may be obtained from those offices in each case only by a holder holding one or more N&C Securities provided that such N&C Securityholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such N&C Securities and identity. The N&C Securityholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Pricing Supplement which are

## *General Terms and Conditions of the N&C Securities*

applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement shall prevail. In the case of any inconsistency between any Annex(es) specified as applicable herein and/or in the applicable Pricing Supplement and other parts of these Conditions, the provisions of the applicable Annex(es) shall prevail unless otherwise specified herein. In the case of any inconsistency between the applicable Pricing Supplement and the Conditions, the applicable Pricing Supplement shall prevail.

### **1. FORM, DENOMINATION AND TITLE**

#### **1.1 FORM**

Other than in the case of Book-Entry Interests, CDIs and Definitive Registered N&C Securities, the N&C Securities will be issued in bearer form in the currency (the "**Specified Currency**") and denominations (the "**Specified Denomination(s)**") specified in the applicable Pricing Supplement or (if so indicated in the applicable Pricing Supplement) in security units, and, in the case of definitive N&C Securities, serially numbered. N&C Securities of one Specified Denomination may not be exchanged for N&C Securities of another Specified Denomination. Unless otherwise specified in the applicable Pricing Supplement, the N&C Securities will be issued in classic global note ("**CGN**") form.

Each Tranche of N&C Securities in bearer form will be initially issued in the form of a temporary global security (a "**Temporary Bearer Global N&C Security**") or, if so specified in the applicable Pricing Supplement, a permanent global security (a "**Permanent Bearer Global N&C Security**" and, together with a Temporary Bearer Global N&C Security, a "**Bearer Global N&C Security**") which, in either case, will:

- (a) if the Global N&C Securities are intended to be issued in new global note ("**NGN**") form, as stated in the applicable Pricing Supplement, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"); or
- (b) if the Global N&C Securities are intended to be issued in CGN form, be delivered on or prior to the original issue date of the Tranche to a common depository (the "**Common Depository**") for, Euroclear and Clearstream, Luxembourg.

The N&C Securities issued as bearer securities in Immobilised Form ("**Immobilised Bearer N&C Securities**") of each Tranche offered and sold in reliance on Regulation S, which will be sold in offshore transactions to non-U.S. persons outside the United States, will initially be represented by a global security in bearer form (a "**Regulation S Global N&C Security**").

In the event that the applicable Pricing Supplement specifies that a Tranche of N&C Securities is eligible for sale in the United States or to, or for the benefit of, U.S. persons, Immobilised Bearer N&C Securities of such Tranche will initially be represented by a global security in bearer form (a "**Rule 144A Global N&C Security**").

Interests in Immobilised Bearer N&C Securities of certain issues that may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person will initially be represented by a global security in bearer form (a "**Permanently Restricted Global N&C Security**" and, together with the Regulation S Global N&C Securities and the Rule 144A Global N&C Securities, the "**Immobilised Bearer Global N&C Securities**").

The Immobilised Bearer Global N&C Securities will initially be issued in bearer form, without interest coupons, and title thereto will pass by delivery. If any Securities are issued as Immobilised Bearer Global N&C Securities, then the entire Series of which they form part will be issued as Immobilised Bearer Global N&C Securities. Pursuant to an amended and restated N&C securities depository agreement (such agreement as amended and/or supplemented and/or restated from time

## *General Terms and Conditions of the N&C Securities*

to time, the "**N&C Securities Depository Agreement**") dated on or about 3 April 2014 among the Issuer, Citibank N.A., London Branch (the "**Book-Entry Depository**"), Citibank N.A., London Branch (the "**Custodian**") and Citigroup Global Markets Deutschland AG (the "**Registrar**"), the Immobilised Bearer Global N&C Securities of each Series will on issue be deposited with the Book-Entry Depository. Pursuant to the terms of the N&C Securities Depository Agreement, the Book-Entry Depository will hold any Immobilised Bearer Global N&C Security for the holders of the CDIs and owners of the Book-Entry Interests as bare trustee and the owners of the Book-Entry Interests will accordingly be tenants in common in respect of the CDIs to the extent of the Book-Entry Interests in respect of which they are owners. The Book-Entry Depository shall have only those rights, discretions, duties, obligations and responsibilities expressly specified in the N&C Securities Depository Agreement and the Conditions and, other than holding any Immobilised Bearer Global N&C Security as bare trustee, as aforesaid, does not assume any relationship of trust for or with the owners of the Book-Entry Interests or any other person. In particular, the Book-Entry Depository may not extinguish, cancel or otherwise terminate this arrangement other than pursuant to the terms of the N&C Securities Depository Agreement and the Conditions. Holders of Book-Entry Interests are deemed to have notice of and shall be bound by the terms of the N&C Securities Depository Agreement.

### **1.2 Interest and Redemption**

An N&C Security may be designated in the applicable Pricing Supplement as either (i) a Fixed Rate N&C Security, (ii) a Floating Rate N&C Security, (iii) a non-interest bearing N&C Security, (iv) a Zero Coupon N&C Security, (v) a Dual Currency Interest N&C Security, or (vi) any one of an Equity Index/ETF Linked Interest N&C Security, an Equity Linked Interest N&C Security, a Commodity Linked Interest N&C Security, an Inflation Index Linked Interest N&C Security, a Property Index Linked Interest N&C Security, a Fund Linked Interest N&C Security, a Currency Linked Interest N&C Security or a Partial Redemption N&C Security (such N&C Securities specified in this sub-paragraph (vi), collectively, "**Variable Interest Rate N&C Securities**") or any other type of interest bearing N&C Securities or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

An N&C Security may also be designated in the applicable Pricing Supplement as (i) an Instalment N&C Security, (ii) a Dual Currency Redemption N&C Security, (iii) a Partly Paid N&C Security, or (iv) any one of an Equity Index/ETF Linked Redemption N&C Security, an Equity Linked Redemption N&C Security, a Commodity Linked Redemption N&C Security, an Inflation Index Linked Redemption N&C Security, a Property Index Linked Redemption N&C Security, a Fund Linked Redemption N&C Security, a Currency Linked Redemption N&C Security, an Interest Rate Linked N&C Security, a Credit Linked Redemption N&C Security or a Partial Redemption N&C Security (such N&C Securities specified in this sub-paragraph (iv), collectively, "**Variable Redemption N&C Securities**") or any other type of redeemable N&C Securities or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Pricing Supplement.

### **1.3 Coupons attached**

Definitive Bearer N&C Securities are issued with Coupons and, if applicable, Receipts attached, unless they are Zero Coupon N&C Securities or non-interest bearing N&C Securities in which case references to Coupons and Couponholders in these Conditions are not applicable. The applicable Pricing Supplement will specify whether settlement shall be by way of cash payment ("**Cash Settled N&C Securities**") or by physical delivery ("**Physical Delivery N&C Securities**"). Any reference in these Conditions to Physical Delivery N&C Securities shall mean N&C Securities in respect of which an asset amount (being the number of underlying equity, bond, security or such other asset as may be specified in the applicable Pricing Supplement (the "**Relevant Asset(s)**") plus/minus any amount due to/from the N&C Securityholder in respect of each N&C Security) is deliverable and/or payable by reference to one or more Relevant Assets as the Issuer and the relevant Dealer(s) may agree and as set out in the applicable Pricing Supplement.

N&C Security may, if specified in the applicable Pricing Supplement, allow N&C Securityholders upon redemption of such N&C Securities to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Pricing Supplement. Those N&C Securities where the N&C Securityholder has elected for cash payment will be Cash Settled N&C Securities and those N&C Securities where the N&C Securityholder has elected for physical delivery will be Physical Delivery N&C Securities. The rights of an N&C

## *General Terms and Conditions of the N&C Securities*

Securityholder as described in this paragraph may be subject to the Issuer's right to vary settlement upon redemption of N&C Securities as indicated in the applicable Pricing Supplement.

### **1.4 Title to Definitive Bearer and Definitive Registered Securities**

Subject as set out below, title to the Definitive Bearer N&C Securities, Receipts and Coupons will pass by delivery and title to the Definitive Registered N&C Securities will pass upon registration of transfers in the books of the Register, which is kept by the Registrar, in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Definitive Bearer N&C Security, Receipt or Coupon and the registered holder of any Definitive Registered N&C Security as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global N&C Security, without prejudice to the provisions set out in the next succeeding paragraph.

### **1.5 Title to Securities represented by a Bearer Global N&C Security**

For so long as any of the N&C Securities is represented by a Bearer Global N&C Security held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount or number of units of such N&C Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount or number of units of such N&C Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Paying Agents as the holder of such nominal amount or number of units of such N&C Securities for all purposes other than with respect to the payment of principal or interest on such nominal amount or number of units of such N&C Securities, for which purpose the bearer of the relevant Bearer Global N&C Security shall be treated by the Issuer, the Guarantor and the Paying Agents as the holder of such nominal amount or number of units of such N&C Securities in accordance with and subject to the terms of the relevant Global N&C Security and the expressions "**N&C Securityholder**" and "**holder of N&C Securities**" and related expressions shall be construed accordingly.

N&C Securities which are represented by a Bearer Global N&C Security will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

References to DTC (as defined below), Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in Part B of the applicable Pricing Supplement or otherwise approved by the Issuer, the Guarantor, the Registrar and the Paying Agents (each a "**Clearance System**").

### **1.6 Title to Securities represented by an Immobilised Bearer Global N&C Security**

In respect of Immobilised Bearer Global N&C Securities to be settled through Euroclear and/or Clearstream, Luxembourg ("**European Immobilised Bearer N&C Securities**" or "**Permanently Restricted Immobilised Bearer N&C Securities**", as the case may be) which are deposited with the Book-Entry Depository, the Book-Entry Depository will issue registered certificated depositary interests ("**European CDIs**" or "**Permanently Restricted CDIs**", as the case may be) to a common depositary for Euroclear and Clearstream, Luxembourg, or its nominee, and will record the European CDIs or the Permanently Restricted CDIs, as the case may be, in the books and records of the Registrar in the name of the nominee of the common depositary. Ownership of interests in the European Immobilised Bearer Global N&C Securities or the Permanently Restricted Immobilised Bearer N&C Securities deposited with the Book-Entry Depository (the "**European Book-Entry Interests**" or the "**Permanently Restricted Book-Entry Interests**", respectively) will be limited to persons with an account with Euroclear and/or Clearstream, Luxembourg or persons who may hold interests through such participants. European Book-Entry Interests will be shown on, and transfers thereof will be affected only through records maintained in book-entry form by Euroclear and/or Clearstream, Luxembourg and their participants.

In respect of Immobilised Bearer Global N&C Securities to be settled through DTC (as defined below) ("**U.S. Immobilised Bearer Global N&C Securities**") which are deposited with the Book-Entry Depository, the Book-Entry Depository will issue registered certificateless depositary interests ("**U.S. CDIs**" and, together with European CDIs and



## *General Terms and Conditions of the N&C Securities*

Permanently Restricted CDIs, "**CDIs**") to the Depository Trust Company ("**DTC**") or its nominee Cede & Co. and will record the U.S. CDIs in the books and records of the Registrar in the name of Cede & Co. as nominee of DTC. For so long as DTC or its nominee is the registered owner or holder of interests in the U.S. Immobilised Bearer Global N&C Securities deposited with the Book-Entry Depository (the "**U.S. Book-Entry Interests**" and, together with the European Book-Entry Interests and the Permanently Restricted Book-Entry Interests, the "**Book-Entry Interests**"), DTC or such nominee, as the case may be, will be considered the sole owner or holder of the U.S. Book-Entry Interests for all purposes under the Agency Agreement except to the extent that, in accordance with DTC's published rules and procedures, any ownership rights may be exercised by its participants or beneficial owners through participants.

## **2. TRANSFER**

### **2.1 Transfers of interests in Immobilised Bearer Global N&C Securities**

Transfers of Book-Entry Interests will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in turn by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A Book-Entry Interest will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for registered N&C Securities in definitive form or for a Book-Entry Interest in another N&C Security only in the authorised denominations (in the case of N&C Securities) or number of security units (in the case of Certificates) set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

Pursuant to the N&C Securities Depository Agreement, the Immobilised Bearer Global N&C Securities may be transferred only to a successor to the relevant Book-Entry Depository.

Unless and until Book-Entry Interests are exchanged for Definitive Registered N&C Securities, the CDIs held by DTC or its nominee or the common depository or its nominee for Euroclear and Clearstream, Luxembourg may not be transferred except as a whole to a nominee or a successor approved by the Issuer.

Book-Entry Interests will be subject to certain restrictions on transfer and certification requirements and may bear a legend regarding such restrictions.

All transfers of Book-Entry Interests between participants in DTC, participants in Euroclear or participants in Clearstream, Luxembourg will be effected by DTC, Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream, Luxembourg and their respective participants.

Subject to the foregoing, a Book-Entry Interest (other than a Permanently Restricted Book-Entry Interest) in one of the Immobilised Bearer Global N&C Securities (other than a Permanently Restricted Global N&C Security) may be transferred to a person who takes delivery thereof in the form of a Book-Entry Interest (other than a Permanently Restricted Book-Entry Interest) in another of the Immobilised Bearer Global N&C Securities (other than a Permanently Restricted Global N&C Security) by means of an instruction originated through DTC, Euroclear or Clearstream, Luxembourg, as applicable. Any Book-Entry Interest that is so transferred will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Immobilised Bearer Global N&C Security and become a Book-Entry Interest in the other Immobilised Bearer Global N&C Security and will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Immobilised Bearer Global N&C Security for as long as it remains such a Book-Entry Interest. In connection with such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount at maturity or number of units of the first-mentioned Immobilised Bearer Global N&C Security and a corresponding increase in the principal amount at maturity or number of units of the other Immobilised Bearer Global N&C Security, as applicable. In addition, where a transfer of a Book-Entry Interest is made which requires the conversion of a U.S. Book-Entry Interest to a European Book-Entry Interest (or vice versa), appropriate adjustments will be made to reflect such conversion.

Book-Entry Interests in an Immobilised Bearer Global N&C Security may in certain circumstances be exchanged for Definitive Registered N&C Securities upon receipt by the Registrar of instructions from a Paying Agent. It is expected that

## ***General Terms and Conditions of the N&C Securities***

such instructions of the Paying Agent will be based upon directions received by DTC, Euroclear or Clearstream, Luxembourg, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered N&C Securities issued in exchange for a Book-Entry Interest will, except as otherwise determined by the Issuer in compliance with applicable law, be subject to certain restrictions on transfer and certification requirements and may bear a legend regarding such restrictions.

### **2.2 Transfers of Definitive Registered N&C Securities**

Subject as provided in N&C Security Conditions 2.4 (Costs of registration), 2.5 (Transfers of interests in European Book-Entry Interests) and 2.6 (Transfers of interests in Legended N&C Securities) below, upon the terms and subject to the terms and conditions set forth in the Agency Agreement, a Definitive Registered N&C Security may be transferred in whole or in part in the authorised denominations set out in the applicable Pricing Supplement. In order to effect any such transfer:

- (A) the holder or holders must:
  - (i) surrender the Definitive Registered N&C Security for registration of the transfer of the Definitive Registered N&C Security (or the relevant part of the Definitive Registered N&C Security) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and
  - (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent; and
- (B) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three (3) business days (being for the purposes of these Conditions a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Definitive Registered N&C Security for the same aggregate nominal amount or number of units as the Definitive Registered N&C Security (or the relevant part of the Definitive Registered N&C Security) transferred. In the case of a transfer of part only of a Definitive Registered N&C Security, a new Definitive Registered N&C Security in respect of the balance of the Definitive Registered N&C Security not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to such address as the transferor may request.

### **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of N&C Securities under N&C Security Condition 7 (Redemption and Purchase), the Issuer shall not be required to register the transfer of any Definitive Registered N&C Security, or part of a Definitive Registered N&C Security, called for partial redemption.

### **2.4 Costs of registration**

N&C Securityholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by normal uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

## *General Terms and Conditions of the N&C Securities*

### **2.5 Transfers of interests in European Book-Entry Interests and in Permanently Restricted Book-Entry Interests**

Prior to expiry of the period ending 40 days after the completion of the distribution of each Tranche of N&C Securities relating to which a European Book-Entry Interest has been issued, as certified by the relevant Dealer (the "**Distribution Compliance Period**"), transfers by the holder of a European Book-Entry Interest or of a beneficial interest in a European Book-Entry Interest to a transferee in the United States or who is a U.S. person will only be made:

- (A) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate with the consent of the Issuer (a "**Transfer Certificate**"), copies of which are available from the specified office of any Transfer Agent, from the transferor of the European Book-Entry Interest or beneficial interest therein to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A of the Securities Act; or
- (B) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with (1) any applicable securities laws of any State of the United States or any other jurisdiction and (2) any applicable restriction on transfer imposed by the United States Commodity Exchange Act, as amended, or any regulations thereunder as indicated and set out in the applicable Pricing Supplement.

Transfers of a Permanently Restricted Book-Entry Interests or of a beneficial interest in a Permanently Restricted Book-Entry Interest may not at any time be made to a transferee in the United States or to, or for the account or benefit of, a U.S. person and any offer, sale, resale, trade, pledge, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

### **2.6 Transfers of interests in Legended N&C Securities**

Transfers of Legended N&C Securities or beneficial interests therein may be made:

- (A) prior to the expiry of the applicable Distribution Compliance Period only upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made either (x) to a transferee that is a non-U.S. person taking delivery of such interest through a European Book-Entry Interest in an offshore transaction outside the United States pursuant to Regulation S and, in the case of a European CDI registered in the name of a nominee for DTC, the interests in the European Book-Entry Interest being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg or (y) to a transferee who the transferor reasonably believes to be a QIB taking delivery of such interest through a Legended N&C Security in a transaction meeting the requirements of Rule 144A; or
- (B) after the expiry of the applicable Distribution Compliance Period, either (x) to a transferee that is a non-U.S. person taking delivery of such interest through a European Book-Entry Interest in an offshore transaction outside the United States pursuant to Regulation S or (y) to a transferee who the transferor reasonably believes to be a QIB taking delivery of such interest through a Legended N&C Security in a transaction meeting the requirements of Rule 144A but, in either case, without certification; or
- (C) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with (1) any applicable securities laws of any State of the United States or any other jurisdiction and (2) any applicable restriction on transfer imposed by the United States Commodity Exchange Act, as amended, or any regulations thereunder as indicated and set out in the applicable Pricing Supplement.

Upon the transfer, exchange or replacement of Legended N&C Securities, or upon specific request for removal of the Legended N&C Securities, the Registrar shall deliver only Legended N&C Securities or refuse to remove the Legend, as

## ***General Terms and Conditions of the N&C Securities***

the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act or the United States Commodity Exchange Act.

### **2.7 Definitions**

In this N&C Security Condition 2, the following expressions shall have the following meanings:

**"Legended N&C Security"** means N&C Securities (whether in definitive registered form or represented by a U.S. Book-Entry Interest) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **"Legend"**).

**"U.S. person"** means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity treated as a corporation or partnership for United States federal income tax purposes, created or organized in or under the laws of the United States, any State thereof or the District of Columbia, or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust (or any trust which elected to be treated as a United States person prior to 20 August 1996); (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other "U.S. person" as such term may be defined in Regulation S under the Securities Act or in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, promulgated by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as such definition may be amended, modified or supplemented from time to time.

**"United States"** means the United States of America, including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction.

### **3. STATUS OF THE N&C SECURITIES**

The N&C Securities and the related Receipts and Coupons (if any) are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and (subject to any applicable statutory provisions or judicial order) at least equally with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Issuer.

### **4. STATUS OF THE GUARANTEE**

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank *pari passu* with all present and future direct, unconditional, unsecured and unsubordinated obligations (including those arising under deposits received in its banking business) of the Guarantor, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

Subject as provided below and in the Guarantee, the Guarantor has unconditionally and irrevocably:

- (a) guaranteed to each N&C Securityholder all obligations of the Issuer in respect of such N&C Securityholder's N&C Securities as and when such obligations become due; and
- (b) agreed that if and each time that the Issuer fails to satisfy any obligation under such N&C Securities as and when such obligation becomes due, the Guarantor will (without requiring the relevant N&C Securityholder first to take steps against the Issuer or any other person) make or cause to be made such payment or satisfy or cause to be satisfied such obligation punctually when and as the same shall become due and payable or due to be satisfied, as the case may be, as though the Guarantor were the principal obligor in respect of such obligation.

## ***General Terms and Conditions of the N&C Securities***

As more fully set forth in the Guarantee, the Guarantor shall at all times have the right, in its sole and unfettered discretion, to elect not to deliver or procure delivery of the Asset Amount (as specified in the applicable Pricing Supplement) to the holders of Physical Delivery N&C Securities when the same shall become due and deliverable, but in lieu thereof to make payment in respect of each Physical Delivery N&C Security to the holder(s) of such Physical Delivery N&C Security of an amount determined by the Guarantor in good faith and in a commercially reasonable manner to be equal to the fair market value of the assets to which the Asset Amount in respect of the relevant N&C Security(s) relates less such N&C Security(s)' *pro rata* share of the costs of unwinding any underlying related hedging and/or funding arrangements of the Issuer and/or Guarantor (the "**Guaranteed Cash Settlement Amount**"). Any payment of the Guaranteed Cash Settlement Amount in lieu of the relevant Asset Amount shall constitute a complete discharge of the Guarantor's obligations in respect of the relevant N&C Securities save as to any other cash amounts due in respect of such N&C Securities.

### **5. INTEREST**

#### **5.1 Interest Definitions**

In these N&C Security Conditions:

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this N&C Security Condition 5:

- (A) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is specified in the applicable Pricing Supplement:
- (i) in the case of N&C Securities where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period (as defined below) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (a) the number of days in such Determination Period and (b) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year; or
  - (ii) in the case of N&C Securities where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (a) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year; and
    - (b) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year;
- (B) if "**Actual/Actual (ISDA)**", "**Actual/Actual**", "**Act/Act**" or "**Act/Act (ISDA)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period (as defined above) falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (C) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified in the applicable Pricing Supplement, the actual number of days in the relevant Interest Period, divided by 365;
- (D) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

***General Terms and Conditions of the N&C Securities***

- (E) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified in the applicable Pricing Supplement, the actual number of days in the relevant Interest Period, divided by 360;
- (F) if "**30/360 (ICMA)**" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) up to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12-30 day months) divided by 360;
- (G) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Pricing Supplement, the number of days in the relevant Interest Period divided by 360, calculated on a formula basis as follows:

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

*Where:*

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

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

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

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

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest 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;

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

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

*Where:*

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

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

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

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

### *General Terms and Conditions of the N&C Securities*

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

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

Where:

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

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

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

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

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest 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; and

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

## **5.2 Interest on Fixed Rate N&C Securities**

- (a) If no Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, the following provisions shall apply with respect to a Fixed Rate N&C Security:

Each Fixed Rate N&C Security will bear interest from (and including) the Interest Commencement Date (which unless otherwise specified in the applicable Pricing Supplement shall be the Issue Date) at the rate(s) (expressed as a percentage) 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.

Such interest will be payable in respect of each Fixed Rate N&C Security Interest Period. In these Conditions and for the purposes of Fixed Rate N&C Securities only, "**Fixed Rate N&C Security 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.

If a Business Day Convention is specified in the applicable Pricing Supplement 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 (as defined in N&C Security Condition 5.7 below), then, if the Business Day Convention specified is:

- (i) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (ii) 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

### *General Terms and Conditions of the N&C Securities*

which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (iii) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Unless Day Count Fraction is specified as "Not Applicable" in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate N&C Securities which are represented by a Global N&C Security, the aggregate outstanding nominal amount of the Fixed Rate N&C Securities represented by such Global N&C Security or, if they are Partly Paid N&C Securities, the aggregate amount paid up; or
- (ii) in the case of Fixed Rate N&C Securities in definitive form held by each N&C Securityholder, the aggregate outstanding nominal amount of such Fixed Rate N&C Securities held by such N&C Securityholder,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure in accordance with the Rounding Convention (as specified in N&C Security Condition 6 (Payments) below). Where the Specified Denomination of a Fixed Rate N&C Security in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate N&C Security shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

- (b) If a Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Rate N&C Security 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 Pricing Supplement, amount to the Broken Amount so specified.

### **5.3 Interest on Floating Rate N&C Securities and Variable Interest Rate N&C Securities**

#### *(A) Interest Payment Dates*

Each Floating Rate N&C Security and Variable Interest Rate N&C Security will bear interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year, as specified in the applicable Pricing Supplement; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, 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 Pricing Supplement 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. In these Conditions, "**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).

If a Business Day Convention is specified in the applicable Pricing Supplement 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 (as defined in N&C Security Condition 5.7 below), then, if the Business Day Convention specified is:



### ***General Terms and Conditions of the N&C Securities***

- (a) in any case where Specified Periods are specified in accordance with N&C Security Condition 5.3(A)(ii) 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 the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (b) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (c) 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
- (d) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

#### (B) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate N&C Securities and Variable Interest Rate N&C Securities will be determined in the manner specified in the applicable Pricing Supplement.

##### (i) *ISDA Determination for Floating Rate N&C Securities*

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be (x) the relevant ISDA Rate (y) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any) the result of which will be (z) multiplied by the Rate Multiplier (if any, provided the Rate of Interest may not be less than zero). For the purposes of this sub paragraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or other person specified in the applicable Pricing Supplement, under an interest rate swap transaction if the Principal Paying Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (b) the Designated Maturity is that period specified in the applicable Pricing Supplement; and
- (c) the relevant Reset Date is the day as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (i), (x) "**Euro-zone**" means the region comprised of member states of the European Union ("**Member States**") that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam and (y) "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

## ***General Terms and Conditions of the N&C Securities***

### (ii) *Screen Rate Determination for Floating Rate N&C Securities*

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

(i) the offered quotation; or

(ii) 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 (as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11:00 a.m. (London time, in the case of the London inter-bank offered rate ("**LIBOR**"), or Brussels time, in the case of the Euro-zone inter-bank offered rate ("**EURIBOR**")) on the Interest Determination Date (as specified in the applicable Pricing Supplement) in question, in each case (y) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), the result of which will be (z) multiplied by the Rate Multiplier (if any), all as determined by the Principal Paying Agent or other person as specified in the applicable Pricing Supplement and provided the Rate of Interest may not be less than zero. 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 Principal Paying Agent (or other person as specified in the applicable Pricing Supplement) 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 (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

### (iii) *Bank of England Base Rate Determination for Floating Rate N&C Securities*

Where Bank of England Base Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be (x) the Bank of England Base Rate (y) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), the result of which will be (z) multiplied by the Rate Multiplier (if any) all as determined by the Calculation Agent.

**"Bank of England Base Rate"** means the most recent published rate for deposits for a period equal to the Designated Maturity (as specified in the applicable Pricing Supplement) which appears on the Relevant Screen Page (as specified in the applicable Pricing Supplement) as of 5:00 p.m., London time, on the Interest Determination Date (as specified in the applicable Pricing Supplement) or, if such Relevant Screen Page is not available, such replacement page as the Calculation Agent shall select, or if the Calculation Agent determines no suitable replacement page exists, the rate determined by the Calculation Agent in good faith and in a commercially reasonable manner.

(iv) If the Reference Rate from time to time in respect of Floating Rate N&C Securities or Variable Interest Rate N&C Securities is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such N&C Securities will be determined as provided in the applicable Pricing Supplement.

### *General Terms and Conditions of the N&C Securities*

(C) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Pricing Supplement 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 (B) 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 no other Minimum Rate of Interest for any Interest Period is specified in the applicable Pricing Supplement, then the Minimum Rate of Interest in respect of such Interest Period shall be deemed to be zero and in no event shall the Rate of Interest for such calculation period in accordance with N&C Security Condition 5.3(B) above be less than zero.

If the applicable Pricing Supplement 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 (B) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(D) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent (or other person as specified in the applicable Pricing Supplement), in the case of Floating Rate N&C Securities, and the Calculation Agent, in the case of Variable Interest Rate N&C Securities 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. In the case of Variable Interest Rate N&C Securities, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

Unless Day Count Fraction is specified as "Not Applicable" in the applicable Pricing Supplement, the Principal Paying Agent (or other person as specified in the applicable Pricing Supplement), in the case of Floating Rate N&C Securities, and the Calculation Agent, in the case of all other Variable Interest Rate N&C Securities, will calculate the amount of interest (the "**Interest Amount**") payable on the N&C Securities for the relevant Interest Period by applying the Rate of Interest to:

- (a) in the case of Floating Rate N&C Securities and Variable Interest Rate N&C Securities which are represented by a Global N&C Security, the aggregate outstanding nominal amount of the applicable N&C Securities represented by such Global N&C Security (or, if they are Partly Paid N&C Securities, the aggregate amount paid up) multiplied, in the case of Partial Redemption N&C Securities, by the Outstanding Partial Redemption Nominal Percentage;
- (b) in the case of Floating Rate N&C Securities and Variable Interest Rate N&C Securities which are in definitive form held by each N&C Securityholder, the aggregate outstanding nominal amount of such Floating Rate N&C Securities or Variable Interest Rate N&C Securities (as applicable) held by such N&C Securityholder multiplied, in the case of Partial Redemption N&C Securities, by the Outstanding Partial Redemption Nominal Percentage;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure in accordance with the Rounding Convention (as specified in N&C Security Condition 6 (Payments) below). Where the Specified Denomination of a Floating Rate N&C Security or a Variable Interest Rate N&C Security in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such N&C Security shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. In such case, the Calculation Agent will notify the Principal Paying Agent of the Interest Amount for the relevant Interest Period as soon as practicable after calculating the same.

## ***General Terms and Conditions of the N&C Securities***

### **(E) *Notification of Rate of Interest and Interest Amounts***

The Principal Paying Agent (or other person as specified in the applicable Pricing Supplement) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange and/or market on which the relevant Floating Rate N&C Securities or a Variable Interest Rate N&C Securities are for the time being listed and/or admitted to trading and notice thereof to be published in accordance with N&C Security Condition 14 (Notices) as soon as possible after their determination but in no event later than the fourth (4th) London 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 promptly be notified to each stock exchange and/or market on which the relevant Floating Rate N&C Securities or Variable Interest Rate N&C Securities are for the time being listed and/or admitted to trading and to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

### **(F) *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 N&C Security Condition 5.3 (Interest on Floating Rate N&C Securities and Variable Interest Rate N&C Securities), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all N&C Securityholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the N&C Securityholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

## **5.4 Interest on Dual Currency Interest N&C Securities**

The rate or amount of interest payable in respect of Dual Currency Interest N&C Securities shall be determined in the manner specified in the applicable Pricing Supplement.

## **5.5 Interest on Partly Paid N&C Securities**

In the case of Partly Paid N&C Securities (other than Partly Paid N&C Securities which are Zero Coupon N&C Securities and other than Rule 144A Global N&C Securities, which may not be offered or sold on a partly paid basis), interest will accrue as aforesaid on the paid up nominal amount of such N&C Securities and otherwise as specified in the applicable Pricing Supplement.

## **5.6 Accrual of interest**

Subject to the following paragraph, in respect of each N&C Security interest will be deemed to have accrued only on the relevant Interest Payment Date on which it falls due and not in any other circumstances.

Subject as provided in any Annex, each N&C Security (or in the case of the redemption of part only of a N&C Security, that part only of such N&C Security) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue on the relevant amount of principal on a daily basis at an overnight market rate of interest for the Specified Currency as selected by the Calculation Agent acting in good faith and a commercially reasonable manner and on the basis of the applicable Day Count Fraction or, if Day Count Fraction is specified as "Not Applicable" in the applicable Pricing Supplement, at such day count fraction as would customarily apply to the calculation of interest on securities denominated in the Specified Currency as selected by the Principal Paying Agent (or other person as specified in the applicable Pricing

## *General Terms and Conditions of the N&C Securities*

Supplement), in the case of Fixed Rate N&C Securities and Floating Rate N&C Securities, or the Calculation Agent, in the case of all other Variable Interest Rate N&C Securities acting in good faith and in a commercially reasonable manner, until whichever is the earlier of:

- (A) the date on which all amounts due in respect of such N&C Security have been paid and/or all assets deliverable in respect of such N&C Security have been delivered; and
- (B) five (5) days after the date on which the full amount of the moneys payable in respect of such N&C Security has been received by the Principal Paying Agent or the Registrar, as the case may be, and/or all assets in respect of such N&C Security have been delivered and notice to that effect has been given to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices).

### **5.7 Business Day**

In these 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 each Additional Business Centre specified in the applicable Pricing Supplement; and
- (b) either (x) in relation to any sum payable in a 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 currency (which if the currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (y) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (or any successor thereto) (the "**TARGET2 System**") is open. Unless otherwise provided in the applicable Pricing Supplement, or as above, the principal financial centre of any currency for the purpose of these Conditions shall be as provided in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Associations, Inc. and as amended and updated as at the Issue Date of the first Tranche of the N&C Securities (the "**ISDA Definitions**").

### **5.8 Interest calculations without a day count fraction**

If any amount of interest is to be determined and Day Count Fraction is specified as "Not Applicable" in the applicable Pricing Supplement such amount of interest will be calculated as specified in the applicable Pricing Supplement and any reference to a Day Count Fraction in this N&C Security Condition 5 will be deemed not to apply.

### **5.9 Fixed Income Benchmark**

If the applicable Pricing Supplement specifies that a Rate of Interest is to be determined in accordance with this N&C Security Condition 5.9 then, in respect of any relevant Interest Determination Date or Reset Date specified in the applicable Pricing Supplement for which that Rate of Interest is to be determined, the Rate of Interest will be determined for these purposes only in accordance with this N&C Security Condition 5 (Interest) on the following basis:

- (a) the Securities are deemed to be Floating Rate N&C Securities to which Screen Rate Determination or ISDA Determination or Bank of England Base Rate Determination applies as specified under the heading "Fixed Income Benchmark" in the applicable Pricing Supplement;
- (b) if Screen Rate Determination applies the Reference Rate will mean the relevant LIBOR, EURIBOR or other rate as specified under the heading "Fixed Income Benchmark" in the applicable Pricing Supplement and the Relevant Screen Page will be as specified under the heading "Fixed Income Benchmark" in the applicable Pricing Supplement;

### *General Terms and Conditions of the N&C Securities*

- (c) if ISDA Determination applies the Floating Rate Option and the Designated Maturity will be deemed to be the relevant option and period respectively specified under the heading "Fixed Income Benchmark" in the applicable Pricing Supplement;
- (d) if Bank of England Base Rate Determination applies the Designated Maturity and Relevant Screen Page will be deemed to be the relevant period and page respectively specified under the heading "Fixed Income Benchmark" in the applicable Pricing Supplement;
- (e) each day on which the Rate of Interest is to be determined will be deemed to be an Interest Determination Date or a Reset Date;
- (f) each of the Margin, the Minimum Rate of Interest, the Maximum Rate of Interest and the Additional Business Centre, if any, will be the values or centres specified as such under the heading "Fixed Income Benchmark" in the applicable Pricing Supplement;
- (g) the Calculation Agent will be the party making all Rate of Interest determinations and, where Screen Rate Determination applies, notwithstanding the final paragraph of N&C Security Condition 5.3(B)(ii), if the Calculation Agent is unable to determine the Rate of Interest in accordance with N&C Security Condition 5.3(B)(ii) the Rate of Interest will be determined by the Calculation Agent in good faith and in a commercially reasonable manner as the rate it determines would have prevailed but for the relevant disruption or other event.

#### **5.10 Partial Redemption N&C Securities**

- (a) Partial Redemption N&C Securities pay interest as provided in this N&C Security Condition 5.10 (such interest "**Partial Interest**") and, if specified in the applicable Pricing Supplement, as provided in N&C Security Condition 5.3 above.
- (b) Each Partial Redemption N&C Security will bear Partial Interest from (and including) the Interest Commencement Date (which unless otherwise specified in the applicable Pricing Supplement shall be the Issue Date) at the rate(s) (expressed as a percentage) equal to the Partial Rate(s) of Interest. Partial Interest will be payable in arrear on the Partial Interest Payment Date(s) in each year up to (but excluding) the Partial Redemption Date (as specified in the applicable Pricing Supplement).

Partial Interest will be payable in respect of each Partial Redemption N&C Security Interest Period. In these Conditions and for the purposes of Partial Redemption N&C Securities only, "**Partial Redemption N&C Security Interest Period**" means the period from (and including) a Partial Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Partial Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which a Partial Interest Payment Date should occur or (y) if any Partial Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined in N&C Security Condition 5.7 above), then, if the Business Day Convention specified is:

- (i) the Following Business Day Convention, such Partial Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (ii) the Modified Following Business Day Convention, such Partial 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 Partial Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (iii) the Preceding Business Day Convention, such Partial Interest Payment Date shall be brought forward to the immediately preceding Business Day.

## ***General Terms and Conditions of the N&C Securities***

Partial Interest shall be calculated in respect of any period by applying the Partial Rate of Interest to:

- (iv) in the case of Partial Redemption N&C Securities which are represented by a Global N&C Security, the aggregate outstanding nominal amount of the Partial Redemption N&C Securities represented by such Global N&C Security multiplied by the Partial Redemption Nominal Percentage; or
- (v) in the case of Partial Redemption N&C Securities in definitive form held by each N&C Securityholder the aggregate outstanding nominal amount of such Partial Redemption N&C Securities held by such N&C Securityholder multiplied by the Partial Redemption Nominal Percentage,

and unless Day Count Fraction is specified to be "Not Applicable", in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure in accordance with the Rounding Convention (as specified in N&C Security Condition 6 (*Payments*) below). Where the Specified Denomination of a Partial Redemption N&C Security in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Partial Redemption N&C Security shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

- (c) If the Partial Redemption N&C Securities are in definitive form, the amount of Partial Interest payable on each Interest Payment Date in respect of the Partial Redemption N&C Security Interest Period ending on (but excluding) such date will amount to the Partial Interest Fixed Coupon Amount. Payments of Partial Interest on any Partial Interest Payment Date will, if so specified in the applicable Pricing Supplement amount to the Partial Interest Broken Amount so specified.
- (d) For the purposes of Partial Redemption N&C Securities, "**Partial Redemption Nominal Percentage**" means the percentage specified as such in the applicable Pricing Supplement.

## **6. PAYMENTS**

### **6.1 Payments in respect of Definitive Bearer N&C Securities**

- (A) *Payments in respect of Definitive Bearer N&C Securities*

Subject as provided below:

- (i) payments in a Specified Currency other than euro or U.S. Dollars will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency;
- (ii) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments will be made in U.S. Dollars by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this N&C Security Condition 6, means the United States of America, including the States and the District of Columbia and its possessions), or by cheque drawn on a United States bank. In no event will payment in respect of Definitive Bearer N&C Security be made by a cheque mailed to an address in the United States. All payments of interest in respect of Definitive Bearer N&C Securities will be made to accounts located outside the United States except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer.

## *General Terms and Conditions of the N&C Securities*

(B) *Payment of Principal and Interest in respect of Definitive Bearer N&C Securities, Receipts and Coupons*

Payments of principal in respect of Definitive Bearer N&C Securities will (subject as provided below) be made in the manner provided in N&C Security Condition 6.1(A) (Payments in respect of Definitive Bearer N&C Securities) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer N&C Securities, and payments of interest in respect of Definitive Bearer N&C Securities will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of Definitive Bearer N&C Securities, other than the final instalment, will (subject as provided below) be made in the manner provided in N&C Security Condition 6.1(A) (Payments in respect of Definitive Bearer N&C Securities) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in N&C Security Condition 6.1(A) (Payments in respect of Definitive Bearer N&C Securities) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Bearer N&C Security in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer N&C Security to which it appertains. Receipts presented without the Definitive Bearer N&C Security to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer N&C Security becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

(C) *Missing Unmatured Coupons*

Fixed Rate N&C Securities and Partial Redemption N&C Securities in definitive bearer form (other than Dual Currency N&C Securities, Variable Interest Rate N&C Securities or Long Maturity N&C Securities (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten (10) years after the Relevant Date (as defined in N&C Security Condition 9 (Prescription)) in respect of such principal (whether or not such Coupon would otherwise have become void under N&C Security Condition 9(Prescription)) or, if later, five (5) years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

(D) *Unmatured Coupons and Talons void*

Upon any Fixed Rate N&C Security or Partial Redemption N&C Security in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate N&C Security, Variable Interest Rate N&C Security or Long Maturity N&C Security in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity N&C Security**" is a Fixed Rate N&C Security or Partial Redemption N&C Security (other than a Fixed Rate N&C Security or Partial Redemption N&C Security which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such N&C Security shall cease to be a Long Maturity N&C Security on the



## ***General Terms and Conditions of the N&C Securities***

Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such N&C Security.

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

(E) *Payments of Principal and Interest in respect of Global N&C Securities*

Payments of principal and interest (if any) in respect of N&C Securities represented by any Global N&C Security in bearer form will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer N&C Securities and otherwise in the manner specified in the Definitive Bearer Global N&C Securities against presentation or surrender, as the case may be, of such Global N&C Securities at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global N&C Securities, distinguishing between any payment of principal and any payment of interest, will be made on such Global N&C Securities by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

No payments of principal, interest or other amounts due in respect of a Global N&C Security will be made by mail to an address in the United States or by transfer to an account maintained in the United States.

### **6.2 Payments in respect of Immobilised Bearer Global N&C Securities**

Payments of any amounts owing in respect of the Immobilised Bearer Global N&C Securities (including principal, interest and instalments, if any) will be made by the Issuer in the Settlement Currency to the relevant Paying Agent. The relevant Paying Agent will, in turn, make such payments to the Custodian in its capacity as the bearer of the relevant Immobilised Bearer Global N&C Securities and the amount so received by the Custodian is forwarded by it to the Book-Entry Depository in accordance with the terms of the N&C Securities Depository Agreement. Upon receipt of any such amounts, the Book-Entry Depository will pay the amounts so received to DTC or the common depository for Euroclear and/or Clearstream, Luxembourg, as applicable, which will distribute such payments to participants in accordance with their procedures.

The Issuer, the Principal Paying Agent and the Registrar will treat the bearer of the Immobilised Bearer Global N&C Securities as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Book-Entry Depository, any Agent, the Registrar or any agent of the Issuer, any Agent or the Registrar has or will have any responsibility or liability for:

- (A) any aspect of the records of DTC, Euroclear, Clearstream, Luxembourg or any participants or indirect participant relating to, or payments made on account of, DTC, Euroclear, Clearstream, Luxembourg or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- (B) DTC, Euroclear, Clearstream, Luxembourg or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

In the event any Immobilised Bearer Global N&C Security (or any portion thereof) is redeemed, the Book-Entry Depository will, through DTC, Euroclear or Clearstream, Luxembourg, as applicable, redeem an equal amount of the Book-Entry Interests in such Immobilised Bearer Global N&C Security from the amount received by it in respect of the redemption of such Immobilised Bearer Global N&C Security. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by the Book-Entry Depository in connection with the redemption of such Immobilised Bearer Global N&C Securities (or any portion thereof). If fewer than all of the N&C Securities are to be redeemed at any time, DTC, Euroclear and Clearstream, Luxembourg will credit their respective

## *General Terms and Conditions of the N&C Securities*

participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate.

### **6.3 Payments in respect of Definitive Registered N&C Securities**

(A) *Payments of principal in respect of Definitive Registered N&C Securities*

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Definitive Registered N&C Security will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Definitive Registered N&C Security at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account of the holder (or the first named of joint holders) of the Definitive Registered N&C Security appearing in the register of holders of the Definitive Registered N&C Security maintained by the Registrar (the "**Register**") at the close of business on the fifteenth (15th) calendar day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the nominal amount of the N&C Securities held by a holder is less than U.S.\$100,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank. For these purposes, "**Designated Account**" means the account maintained by a holder with a designated bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

(B) *Payments of interest and instalments in respect of Definitive Registered N&C Securities*

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Definitive Registered N&C Security will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Definitive Registered N&C Security appearing in the Register at the close of business on the Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three (3) business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Definitive Registered N&C Security, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Definitive Registered N&C Securities which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Definitive Registered N&C Security on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Definitive Registered N&C Security.

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

(C) *Payment by the DTC*

All amounts payable to DTC or its nominee as registered holder of a U.S. CDI in respect of N&C Securities denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency for conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

## *General Terms and Conditions of the N&C Securities*

### **6.4 General provisions applicable to payments**

- (A) The holder of a Global N&C Security shall be the only person entitled to receive payments or to make a claim in respect of N&C Securities represented by such Global N&C Security and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global N&C Security in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg or the relevant clearance system specified in the applicable Pricing Supplement, as the beneficial holder of a particular nominal amount or number of units of N&C Securities represented by such Global N&C Security must look solely to DTC, Euroclear or Clearstream, Luxembourg or the relevant clearance system specified in the applicable Pricing Supplement, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global N&C Security.
- (B) Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of N&C Security Condition 8 (Taxation) and (ii) any withholding or deduction required: (a) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement); and (b) pursuant to Section 871(m) of the Code. Any such amounts withheld or deducted will be treated as paid for all purposes under the N&C Securities, and no additional amounts will be paid on the Securities with respect to any such withholding or deduction.

### **6.5 Place of Payment**

Notwithstanding the foregoing provisions of this N&C Security Condition 6, if any amount of principal and/or interest in respect of N&C Securities (other than those in definitive registered form) is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such N&C Securities will be made at the specified office of a Paying Agent in the United States if:

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

Any amount payable in respect of an N&C Security which exceeds the sum subscribed represents an amount payable by the Issuer (i) as consideration for the use of the sum subscribed by the Issuer and (ii) as compensation for and in recognition that in certain circumstances the amount repayable on maturity may be less than the sum subscribed or that the amount paid in excess of the sum subscribed may have been less than the prevailing rate of interest (generally payable by the Issuer) at the time when the N&C Securities were issued.

### **6.6 Payment Days**

Subject to N&C Security Condition 5.3(A) (Interest Payment Dates), if the date for payment (the "**Relevant Payment Date**") of any amount in respect of any N&C Security, Receipt or Coupon is not a Payment Day, the holder thereof will instead be entitled to payment on the relevant day determined in accordance with the relevant Payment Day Convention as set out below and will not be entitled to any further interest or other payment in respect of any delay.

## *General Terms and Conditions of the N&C Securities*

Where:

- (a) the Payment Day Convention is specified as "Following" in the applicable Pricing Supplement, or where no Payment Day Convention is specified in the applicable Pricing Supplement, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place;
- (b) the Payment Day Convention is specified as "Modified Following" in the applicable Pricing Supplement, the holder thereof shall not be entitled to payment until the next day which is a Payment Day unless such day falls in the next calendar month, in which event such holder shall be entitled to payment on the Payment Day immediately preceding the Relevant Payment Date (the "**Adjusted Date for Payment**"); and
- (c) the Payment Day Convention is specified as "Preceding" in the applicable Pricing Supplement, the holder thereof shall be entitled to payment on the Payment Day immediately preceding the Relevant Payment Date (the "**Adjusted Date for Payment**"),

Provided That, in the event that any day upon which a valuation or determination is required to be made for the purposes of determining the amount of the payment to be made in respect of the Relevant Payment Date (each such date a "**Relevant Valuation Date**") would, as a result of the adjustment anticipated in paragraph (b) or (c) above, fall after the second Business Day preceding the Adjusted Date for Payment, N&C Securityholders will not be entitled to the relevant payment due in respect of the Relevant Payment Date until the day falling two (2) Business Days following the last occurring Relevant Valuation Date.

"**Payment Day**" means any day which (subject to N&C Security Condition 9 (Prescription)):

- (A) (i) is 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:
  - (a) in the case of N&C Securities in definitive form only, the relevant place of presentation; and
  - (b) each Additional Financial Centre specified in the applicable Pricing Supplement; and
- (ii) either (A) in relation to any sum payable in a relevant 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 each such relevant currency (which if the relevant currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and
- (B) in the case of any payment in respect of a U.S. Book-Entry Interest denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such U.S. Book-Entry Interest) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

### **6.7 Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the N&C Securities shall be deemed to include, as applicable:

- (A) the Final Redemption Amount of the N&C Securities;
- (B) the Early Redemption Amount of the N&C Securities;
- (C) the Optional Redemption Amount(s) (if any) of the N&C Securities;
- (D) in relation to N&C Securities redeemable in instalments, the Instalment Amounts;

## *General Terms and Conditions of the N&C Securities*

- (E) in relation to Zero Coupon N&C Securities, the Amortised Face Amount (as defined in N&C Security Condition 7.7 (Early Redemption Amounts));
- (F) the Partial Redemption Amount (if any) of the N&C Securities; and
- (G) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the N&C Securities.

### **6.8 Rounding Convention**

For the purposes of calculations made pursuant to N&C Security Condition 5.2 (Interest on Fixed Rate N&C Securities), N&C Security Condition 5.3 (Interest on Floating Rate N&C Securities and Variable Interest Rate N&C Securities), N&C Security Condition 5.10 (Partial Redemption N&C Securities) and N&C Security Condition 7 (Redemption and Purchase) any figure to be rounded will, if other than a sub-unit in the relevant Specified Currency:

- (A) if "Rounded Up" is specified in the applicable Pricing Supplement, be rounded upwards to the next sub-unit of the relevant Specified Currency,
- (B) if "Rounded Down" is specified in the applicable Pricing Supplement, be rounded downwards to the next sub-unit of the relevant Specified Currency; or
- (C) in the event that no Rounding Convention is specified in the applicable Pricing Supplement be rounded down as if "Rounded Down" had been specified,

provided that, in each case, the Calculation Amount in respect of N&C Securities which are (i) held by the same N&C Securityholder, (ii) of the same Series and (iii) in definitive form, shall be aggregated for the purpose of determining the aggregate amount (a) of interest due in respect of any Interest Payment Date or (b) payable in respect of principal due (including for the avoidance of doubt the Final Redemption Amount).

### **6.9 Sub-units**

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

## **7. REDEMPTION AND PURCHASE**

### **7.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below:

- (a) each N&C Security (other than a Partial Redemption N&C Security and those N&C Securities otherwise specified in the applicable Pricing Supplement or Annex(es)) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement or if the N&C Securities are Physical Delivery N&C Securities, by delivery of the Asset Amount, subject to fulfilment of the provisions of the applicable Annex; and
- (b) each Partial Redemption N&C Security, will be redeemed by the Issuer:
  - (i) by payment of the Partial Redemption Amount in the relevant Specified Currency on the Partial Redemption Date in each case specified in the applicable Pricing Supplement; and
  - (ii) by payment of the Final Redemption Amount determined in the manner specified in the applicable Pricing Supplement in the relevant Specified Currency, on the Maturity Date specified in the applicable

## ***General Terms and Conditions of the N&C Securities***

Pricing Supplement, which amount shall be deemed to be the final instalment of principal in respect of the relevant N&C Security.

### **7.2 Redemption at the option of N&C Securityholders (Investor Put)**

If Investor Put is specified as being applicable in the applicable Pricing Supplement, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, upon the holder of any N&C Security giving to the Issuer in accordance with N&C Security Condition 14 (Notices) not less than 15 nor more than 30 calendar days' notice (or such other notice period as may be specified in the applicable Pricing Supplement) the Issuer will, upon the expiry of such notice, redeem, in whole (but not, in the case of a Definitive Bearer N&C Security, in part) such N&C Security on the Optional Redemption Date (as specified in the applicable Pricing Supplement) and at the Optional Redemption Amount (as specified, or determined in the manner specified in, in the applicable Pricing Supplement) together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Definitive Registered N&C Securities may be redeemed under this N&C Security Condition 7.2 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement.

To exercise the right to require redemption of this N&C Security the holder of this N&C Security must, if this N&C Security is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Definitive Bearer N&C Securities) or the Registrar (in the case of Definitive Registered N&C Securities) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, 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 or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this N&C Security Condition 7.2 and, in the case of Definitive Registered N&C Securities, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Definitive Registered N&C Securities so surrendered is to be redeemed, an address to which a new Definitive Registered N&C Security in respect of the balance of such Definitive Registered N&C Securities is to be sent subject to and in accordance with the provisions of N&C Security Condition 2.2 (Transfers of Definitive Registered N&C Securities). If this N&C Security is in definitive bearer form, the Put Notice must be accompanied by this N&C Security or evidence satisfactory to the Paying Agent concerned that this N&C Security will, following delivery of the Put Notice, be held to its order or under its control.

If this N&C Security is represented by a Global N&C Security or is in definitive form and held through DTC or Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this N&C Security the holder of this N&C Security must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of DTC or Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to DTC or Euroclear and Clearstream, Luxembourg from time to time and, if this N&C Security is represented by a Global N&C Security, the terms of which require presentation for recording changes to its nominal amount or number of units, at the same time present or procure the presentation of the relevant Global N&C Security to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of DTC, Euroclear and Clearstream, Luxembourg given by a holder of any N&C Security pursuant to this N&C Security Condition 7.2 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this N&C Security Condition 7.2 and instead to declare such N&C Security forthwith due and payable pursuant to N&C Security Condition 10 (Events of Default).

### **7.3 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement having given: (a) not less than 15 nor more than 30 calendar days' notice to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices); and (b) not

## ***General Terms and Conditions of the N&C Securities***

less than 15 calendar days before the giving of the notice referred to in (a) above, notice to the Principal Paying Agent and, in the case of a redemption of Definitive Registered N&C Securities, the Registrar (or such other notice periods as may be specified in the applicable Pricing Supplement) (which notices shall be irrevocable and specify the date fixed for redemption), redeem all or some only of the N&C Securities 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 Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount or number of units 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 Pricing Supplement.

In the case of a partial redemption of N&C Securities, the N&C Securities to be redeemed ("**Redeemed N&C Securities**") will (i) in the case of Redeemed N&C Securities represented by definitive N&C Securities, be selected individually by lot, not more than 30 days prior to the date fixed for redemption, and (ii) in the case of Redeemed N&C Securities represented by a Global N&C Security, be selected in accordance with the rules of DTC and/or 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 nominal amount, at their discretion). In the case of Redeemed N&C Securities represented by definitive N&C Securities, a list of the serial numbers of such Redeemed N&C Securities will be published in accordance with N&C Security Condition 14 (Notices) not less than 15 calendar days prior to the date fixed for redemption.

### **7.4 Redemption for illegality**

In the event that the Calculation Agent determines that the performance of the obligations of the Issuer under the N&C Securities or the obligations of the Guarantor under the Guarantee, or any arrangements made to hedge the Issuer's obligations under the N&C Securities, 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 the interpretation thereof, the Issuer may (such option being an "**Issuer Illegality Call**"), having given not less than 10 nor more than 30 calendar days' notice (or such other notice period as may be specified in the applicable Pricing Supplement) to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices) (which notice shall be irrevocable), on the expiry of such notice redeem all, but not some only, of the N&C Securities, each N&C Security being redeemed at the Early Redemption Amount.

### **7.5 Regulatory Redemption Event**

In the event that the Calculation Agent determines that a change in applicable law or regulation has occurred which results, or will result, solely by reason of the N&C Securities being outstanding, in the Issuer being required to be regulated by any additional jurisdiction or regulatory authority, or being subject to any additional legal requirement or regulation considered by the Issuer to be materially onerous to it, the Issuer having given not less than 10 nor more than 30 calendar days' notice (or such other notice period as may be specified in the applicable Pricing Supplement) to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices) (which notice shall be irrevocable) may (such option being an "**Issuer Regulatory Call**"), on the expiry of such notice redeem all, but not some only, of the N&C Securities, each N&C Security being redeemed at the Early Redemption Amount. Payment shall be made in such manner as shall be notified to N&C Securityholders in accordance with N&C Security Condition 14 (Notices).

### **7.6 Redemption for tax reasons**

Subject to N&C Security Condition 7.7, the N&C Securities may be redeemed at the option of the Issuer (such option being an "**Issuer Tax Call**") in whole, but not in part, at any time (if this N&C Security is not a Floating Rate N&C Security, a Dual Currency N&C Security or a Variable Interest Rate N&C Security) or on any Interest Payment Date (if this N&C Security is a Floating Rate N&C Security, a Dual Currency N&C Security or a Variable Interest Rate N&C Security), on giving not less than 30 nor more than 60 days' notice (or such other notice period as may be specified in the applicable Pricing Supplement) to the Principal Paying Agent and, in accordance with N&C Security Condition 14, the N&C Securityholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the N&C Securities, the Issuer has or will become obliged to account for any present or future taxes, duties, assessments or governmental charges levied or the Guarantor, if

## *General Terms and Conditions of the N&C Securities*

making payment itself, would be or would become obliged to account for any present or future taxes, duties, assessments or governmental charges levied; and

- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it. Reasonable measures shall not include anything which has any material impact on the business of the Issuer or the Guarantor, as the case may be, or which would cause the Issuer or the Guarantor, as the case may be, to incur any material costs, and

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to account for any such taxes, duties, assessments or governmental changes were a payment in respect of the N&C Securities then due.

N&C Securities redeemed pursuant to this N&C Security Condition will be redeemed at their Early Redemption Amount referred to in paragraph 7.7 below.

### **7.7 Early Redemption Amounts**

For the purpose of N&C Security Conditions 7.4 (Redemption for illegality), 7.5 (Regulatory Redemption Event), 7.6 (Redemption for tax reasons) and N&C Security 10 (Events of Default) or in the case of any other early redemption of the N&C Securities in an applicable Annex or as otherwise specified in the applicable Pricing Supplement, N&C Security will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a N&C Security with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, subject as provided below, the Final Redemption Amount thereof; or
- (b) in the case of a N&C Security (other than a Zero Coupon N&C Security but including an Instalment N&C Security and a Partly Paid N&C Security) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series, subject as provided below, the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (c) in the case of a Zero Coupon N&C Security, an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

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

where:

RP means the Reference Price; and

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be 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 N&C Securities to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such N&C Security becomes due and repayable and the denominator of which is 360), (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the N&C Securities to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such N&C Security becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the N&C Securities to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such N&C Security becomes due and repayable and the denominator will be 365),



## ***General Terms and Conditions of the N&C Securities***

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

- (d) if "**Market Value**" is specified as the Early Redemption Amount in the applicable Pricing Supplement, the Early Redemption Amount in respect of each unit of N&C Securities or nominal amount of N&C Securities equal to the Calculation Amount or, in the case of Partial Redemption N&C Securities, each unit of N&C Securities or nominal amount of N&C Securities which as of the Issue Date had a nominal amount equal to the Calculation Amount, shall be an amount determined by the Calculation Agent, which on (i) in the case of redemption other than pursuant to N&C Security Condition 10 (Events of Default), the second (2nd) Business Day immediately preceding the due date for the early redemption of the N&C Security or (ii) in the case of redemption pursuant to N&C Security Condition 10 (Events of Default), the due date for the early redemption of the N&C Security, represents the fair market value of such N&C Securities taking into account all factors which the Calculation Agent determines relevant (including, but not limited to, interest rates, index levels, implied volatilities in the option markets and exchange rates), *less*, Associated Costs. In respect of N&C Securities bearing interest and unless otherwise specified in the applicable Pricing Supplement, the Early Redemption Amount, as determined by the Calculation Agent, in accordance with this paragraph, shall not include any accrued but unpaid interest save to the extent this may be taken into account, where appropriate, in determining the fair market value referred to above.

As used herein:

"**Associated Costs**" means an amount per nominal amount of the N&C Securities equal to the Calculation Amount or, in the case of Partial Redemption N&C Security, an amount per nominal amount of N&C Securities which as of the Issue Date had a nominal amount equal to the Calculation Amount equal to such N&C Securities *pro rata* share (determined on the basis of such nominal amount of the N&C Security and the aggregate of such nominal amounts of all N&C Securities which have not previously been redeemed or cancelled as at the Early Redemption Date) of the total amount of any and all costs or expenses associated or incurred by the Issuer, any Affiliate and/or Hedging Party (as applicable) in connection with such early redemption, including, without limitation, any costs associated with unwinding, substituting, re-establishing and/or incurring the funding relating to the N&C Securities and/or any costs associated with unwinding, substituting, re-establishing and/or incurring any hedge positions relating to the N&C Securities, all as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner; or

- (e) on such other calculation basis as may be specified in the applicable Pricing Supplement.

### **7.8 Automatic Early Redemption Event**

If Automatic Early Redemption is specified as applicable in the applicable Pricing Supplement, then unless previously redeemed or purchased and cancelled, if an Automatic Early Redemption Event as specified in the applicable Pricing Supplement occurs, then the Issuer will give notice to N&C Securityholders in accordance with N&C Security Condition 14 (Notices) and the N&C Securities will be redeemed in whole, but not in part, on the Automatic Early Redemption Date as specified in the applicable Pricing Supplement at the Automatic Early Redemption Amount as specified in the applicable Pricing Supplement. For the purposes of these Conditions, the Agency Agreement, the Guarantee, Global N&C Securities and other forms of N&C Securities, all references to an Early Redemption Date or Early Redemption Amount shall be deemed to include a reference to an Automatic Early Redemption Date or Automatic Early Redemption Amount, as applicable.

### **7.9 Instalments**

Instalment N&C Securities will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment N&C Securities will be determined pursuant to N&C Security Condition 7.7 (Early Redemption Amounts).

## *General Terms and Conditions of the N&C Securities*

### **7.10 Partly Paid N&C Securities**

Partly Paid N&C Securities (other than Rule 144A Global N&C Securities, which may not be offered or sold on a partly paid basis) will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this N&C Security Condition 7 and the applicable Pricing Supplement.

### **7.11 Purchases**

The Issuer, the Guarantor or any of their respective Affiliates (as defined below) may at any time purchase N&C Securities (provided that, in the case of Definitive Bearer N&C Securities, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise, in accordance with applicable laws and regulations. Such N&C Securities may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation, provided that any N&C Securities represented by a Rule 144A Global N&C Security so purchased may only be resold pursuant to Rule 144A.

### **7.12 Cancellation**

All N&C Securities which are redeemed will forthwith be cancelled (together, in the case of Definitive Bearer N&C Securities, with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All N&C Securities so cancelled and any N&C Securities purchased and cancelled pursuant to N&C Security Condition 7.11 (Purchases) above (together, in the case of Definitive Bearer N&C Securities, with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

In the case of N&C Securities listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, the Issuer shall forthwith publish a notice on the website of the Luxembourg Stock Exchange regarding such cancellation.

### **7.13 Late payment on Zero Coupon N&C Securities**

Except as provided in the applicable Pricing Supplement, if the amount payable in respect of any Zero Coupon N&C Security upon early redemption of such Zero Coupon N&C Security pursuant to N&C Security Conditions 7.4 (Redemption for illegality) or 7.5 (Regulatory Redemption Event) above or upon its becoming due and repayable as provided in N&C Security Condition 10 (Events of Default) or otherwise pursuant to any Annex is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon N&C Security shall be the amount calculated as provided in N&C Security Condition 7.7(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon N&C Security 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 N&C Security have been paid; and
- (ii) five (5) days after the date on which the full amount of the moneys payable in respect of such Zero Coupon N&C Securities has been received by the Agent or the Registrar and notice to that effect has been given to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices).

### **7.14 Other Relevant Definitions**

For the purposes of the 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 or person or, if the Calculation Agent determines appropriate, the power to direct or cause the direction of the management and policies of the First Entity, whether by contract, or otherwise.

## *General Terms and Conditions of the N&C Securities*

"**Hedging Party**" means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Issuer's obligations in respect of the N&C Securities from time to time.

"**Partial Redemption Amount**" means the amount specified as such in the applicable Pricing Supplement.

### **8. TAXATION**

All payments of principal and interest in respect of the N&C Securities, Receipts and Coupons by or on behalf of the Issuer (or as the case may be, the Guarantor) will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied unless such withholding or deduction is required by law. In such event, the Issuer (or as the case may be, the Guarantor or the relevant Paying Agent) will make such payment after the withholding or deduction of such taxes, duties, assessments or governmental charges has been made, shall account to the relevant authorities for the amount required to be withheld or deducted and shall not pay any additional amounts to the holders of the N&C Securities, Receipts or Coupons.

### **9. PRESCRIPTION**

The N&C Securities (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten (10) years (in the case of principal) and five (5) years (in the case of interest) after the Relevant Date therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this N&C Security Condition 9 or N&C Security Condition 6.1(D) (*Payments in respect of Definitive Bearer N&C Securities - Unmatured Coupons and Talons void*) or any Talon which would be void pursuant to N&C Security Condition 6.1(D) (*Payments in respect of Definitive Bearer N&C Securities - Unmatured Coupons and Talons void*).

For the purposes of these Conditions, 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 or the Registrar, as the case may be 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 N&C Securityholders in accordance with N&C Security Condition 14 (Notices).

### **10. EVENTS OF DEFAULT**

10.1 If (a) any one or more of the following events shall occur and be continuing and (b) the holders of at least twenty-five per cent. (25%) in nominal amount or, in the case of N&C Securities issued in units, of the number of the N&C Securities then outstanding so request, the Issuer by notice in relation to the same event given in accordance with N&C Security Condition 14 (Notices), then, upon the date of such notice requirement in (b) above being satisfied or, in the case of an event as described in (ii) below, on expiry of the relevant time period specified therein, the relevant event shall be treated as an "Event of Default" and unless (in the case of (i) or (ii) below) the relevant default(s) or failure(s) shall have been cured by the Issuer or the Guarantor prior to receipt of such written notice, all but not some only of the N&C Securities shall forthwith become due and repayable at the Early Redemption Amount, without presentment, demand, protest or other notice of any kind. For the purposes of (a) above the relevant events are:

- (i) default is made for a period of 30 days or more in the payment of any principal or interest (including, for the avoidance of doubt, as applicable, delivery of assets) due in respect of the N&C Securities or any of them. The Issuer and Guarantor shall not, however, be in default if such sums were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer or, as the case may be, the Guarantor will not be in default if it acts on the advice given to it during such 30 day period by an independent legal adviser; or
- (ii) the Issuer or the Guarantor fails to perform or observe any of its other obligations under the N&C Securities, the Guarantee or the Agency Agreement (as the case may be) and such failure continues for the period of 60 days next following the notice requirement as described in (b) above being satisfied; or

## *General Terms and Conditions of the N&C Securities*

- (iii) an effective resolution is passed or an order is made for the winding-up or dissolution of the Issuer or the Guarantor (except for the purposes of a reconstruction or amalgamation where the entity resulting from such reconstruction or amalgamation assumes all the rights and obligations of, as the case may be, the Issuer (including its obligations under the N&C Securities) or the Guarantor (including its obligations under the Guarantee)).

At any time after such a declaration of acceleration with respect to the N&C Securities has been made and before a judgment or decree for payment of the money due with respect to any N&C Security has been obtained by any Securityholder, such declaration and its consequences may be rescinded and annulled upon the written consent of holders of a majority in aggregate nominal amount or, in the case of N&C Securities issued in units, of the number of the N&C Securities then outstanding, or by resolution adopted by a majority in aggregate nominal amount or, in the case of N&C Securities issued in units, of the number of the N&C Securities outstanding present or represented at a meeting of holders of the N&C Securities at which a quorum is present, as provided in the Agency Agreement, if:

- (1) (A) the Issuer has paid or deposited with the Principal Paying Agent a sum sufficient to pay:
  - (a) all overdue amounts of interest on the N&C Securities;
  - (b) all other amounts which have become due in respect of the N&C Securities otherwise than by such declaration of acceleration; or
- (B) in the case of N&C Securities to be redeemed by physical delivery, the Issuer has delivered the relevant assets to any agent appointed by the Issuer to deliver such assets to the N&C Securityholders; and
- (2) all Events of Default with respect to the N&C Securities, other than the non-payment of the Early Redemption Amounts which have become due solely by such declaration of acceleration, have been cured or waived by the relevant written resolution or resolution as provided above.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

- 10.2 Any default by the Issuer or the Guarantor, other than the events described in N&C Security Condition 10.1(i) above, may be waived by the written consent of holders of a majority in aggregate principal amount of the N&C Securities then outstanding affected thereby, or by resolution adopted by a majority in aggregate principal amount of such N&C Securities then outstanding present or represented at a meeting of holders of the N&C Securities affected thereby at which a quorum is present, as provided in the Agency Agreement.

### **11. REPLACEMENT OF N&C SECURITIES, RECEIPTS, COUPONS AND TALONS**

Should any N&C Security or, if applicable, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced, in the case of Definitive Bearer N&C Securities, Receipts or Coupons, at the specified office of the Principal Paying Agent or, in the case of Definitive Registered N&C Securities, at the specified office of the Registrar (or in any case such other place of which notice shall have been given to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices) upon payment in any such case by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced N&C Securities or, if applicable, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **12. AGENTS**

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or approve any change in the specified office through which any Agent acts and/or appoint additional or other Agents, provided that:

## ***General Terms and Conditions of the N&C Securities***

- (A) there will at all times be a Principal Paying Agent and a Registrar;
- (B) so long as the N&C Securities are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Definitive Bearer N&C Securities) and a Transfer Agent (in the case of Definitive Registered N&C Securities) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (C) so long as any of the Definitive Registered Global N&C Securities payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in N&C Security Condition 6.5 (Place of Payment). Notice of any variation, termination, appointment or change in Paying Agents will be given to the N&C Securityholders of the relevant Series of N&C Securities promptly by the Issuer in accordance with N&C Security Condition 14 (Notices).

In acting under the Agency Agreement, the Agents act solely as agents or, as the case may be, a registrar of the Issuer and the Guarantor, and do not assume any obligation to, or relationship of agency or trust with, any N&C Securityholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Agent.

The Issuer undertakes that, it will ensure that it maintains a Paying Agent with a specified office in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing, or complying with, or introduced in order to conform to, any such Directive, provided that under no circumstances shall the Issuer be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one European Member State does not require a Paying Agent making payments through a specified office in that Member State to so withhold or deduct tax.

The Principal Paying Agent shall have no responsibility for errors or omissions in any calculations and determinations made hereunder, and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer, the Guarantor, the Paying Agents, the N&C Securityholders, the Receiptholders and the Couponholders.

### **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the N&C Security to which it appertains) a further Talon, subject to the provisions of N&C Security Condition 9 (Prescription).

### **14. NOTICES**

All notices regarding the N&C Securities will be deemed to be validly given if published in one leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the N&C Securities are for the time being listed or by which they have been admitted to listing. For as long as there are N&C Securities listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, and the rules of the Luxembourg Stock Exchange so require, all notices relating to such N&C Securities will be published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)). Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner as the Issuer deems appropriate. Any such notice will be deemed to have been given on the date of such notice.

## ***General Terms and Conditions of the N&C Securities***

Until such time as any definitive N&C Securities are issued, notice may be given (so long as any Global N&C Securities representing the N&C Securities are held in their entirety on behalf of DTC, Euroclear and/or Clearstream, Luxembourg (and so long as the rules of any stock exchange on which the N&C Securities are listed, or the rules of any other relevant authority by which the N&C Securities have been admitted to listing, permit)) by delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg (instead of by way of publication or mailing) for communication by them to the holders of the N&C Securities provided that, in addition, for so long as any N&C Securities are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in a place or places required by the rules of that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the N&C Securities on the day on which the said notice was given to DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be.

All notices regarding the Definitive Registered N&C Securities will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Definitive Registered N&C Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

In the case of definitive N&C Securities, notices to be given by any N&C Securityholder shall be in writing and given by lodging the same, together with the relative N&C Security or N&C Securities, with the Principal Paying Agent (in the case of Definitive Bearer N&C Securities) or the Registrar (in the case of Definitive Registered N&C Securities). Whilst any of the N&C Securities are represented by a Global N&C Security, such notice may be given by any holder of a N&C Security to the Principal Paying Agent or the Registrar through DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in writing or by facsimile or electronically or in such other manner as the Principal Paying Agent, the Registrar and DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

### **15. SUBSTITUTION**

#### **(a) Substitution of Issuer**

The Issuer (or any previously substituted company from time to time) shall, without the consent of the N&C Securityholders, be entitled at any time to substitute for the Issuer any other company (the "**Substitute Issuer**") as principal debtor in respect of all obligations arising from or in connection with the N&C Securities provided that (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the N&C Securities represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute Issuer shall have assumed all obligations arising from or in connection with the N&C Securities and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) the obligations of the Substitute Issuer in respect of the N&C Securities shall be unconditionally and irrevocably guaranteed by the Guarantor; (iv) each stock exchange or listing authority on which the N&C Securities are listed shall have confirmed that following the proposed substitution of the Substitute Issuer the N&C Securities would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices).

#### **(b) Substitution of Branch**

The Issuer shall have the right upon notice to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices) to change the branch or office through which it is acting for the purpose of the N&C Securities, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

### **16. MEETINGS OF N&C SECURITYHOLDERS AND MODIFICATIONS**

The Agency Agreement contains provisions for convening meetings of the N&C Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in Schedule 6 of the Agency

## ***General Terms and Conditions of the N&C Securities***

Agreement) of a modification of the N&C Securities, the Receipts, the Coupons or any of the provisions of the Agency Agreement or the Guarantee. Such a meeting may be convened by the Issuer or the Guarantor at any time and shall be convened by the Issuer at the request of N&C Securityholders holding not less than five per cent. (5%) in nominal amount or number of units of the N&C Securities for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in the aggregate not less than fifty per cent. (50%) in nominal amount or number of units of the N&C Securities for the time being outstanding, or at any adjourned such meeting one or more persons being or representing N&C Securityholders whatever the nominal amount or number of units of the N&C Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the N&C Securities, the Receipts or the Coupons (including modifying the date of maturity of the N&C Securities or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the N&C Securities or altering the currency in which payments under the N&C Securities, Receipts and Coupons are to be made), the quorum shall be one or more persons holding or representing in the aggregate not less than two-thirds, or, at any adjourned such meeting, one or more persons holding or representing in the aggregate not less than one-third, in nominal amount or number of units of the N&C Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the N&C Securityholders shall be binding on all the N&C Securityholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent or sanction of the N&C Securityholders, Receiptholders or Couponholders to:

- (A) any modification of (except as mentioned above) the provisions of the N&C Securities, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interests of the N&C Securityholders; or
- (B) any modification of any of the provisions of these Conditions, the N&C Securities, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or is to comply with mandatory provisions of applicable law.

Any such modification shall be binding on the N&C Securityholders, the Receiptholders and the Couponholders and any such modification shall be notified to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices) as soon as practicable thereafter.

## **17. REDENOMINATION**

### **17.1 Redenomination**

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the N&C Securityholders, the Receiptholders and the Couponholders on giving prior notice to the Principal Paying Agent, Euroclear and Clearstream, Luxembourg or the Registrar, as applicable and at least thirty (30) calendar days' prior notice to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices) elect that, with effect from the Redenomination Date specified in the notice, the N&C Securities shall be redenominated in euro.

The election will have effect as follows:

- (a) the N&C Securities and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each N&C Security and Receipt equal to the nominal amount of that N&C Security or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent or the Registrar, as applicable, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the N&C Securityholders, the stock exchange (if any) on which the N&C Securities may be listed and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with N&C Security Condition 17.1(d) below, the amount of interest due in respect of the N&C Securities will be calculated by reference to the aggregate nominal amount of N&C Securities presented (or, as the case may be, in respect of which Coupons are

### ***General Terms and Conditions of the N&C Securities***

presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

- (c) if definitive N&C Securities are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant N&C Securities, in the denomination of euro 100,000 and/or such higher amounts as the Agent may determine and notify to the N&C Securityholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the N&C Securityholders in euro in accordance with N&C Security Condition 6 (Payments); and (ii) in the denominations of euro 1,000, euro 10,000, euro 50,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Principal Paying Agent or the Registrar, as applicable may approve) euro 0.01 and such other denominations as the Principal Paying Agent or the Registrar, as applicable shall determine and notify to the N&C Securityholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the N&C Securities) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") that replacement euro-denominated N&C Securities, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any N&C Securities and Receipts so issued will also become void on that date although those N&C Securities and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated N&C Securities, Receipts and Coupons will be issued in exchange for N&C Securities, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent or the Registrar, as applicable may specify and as shall be notified to the N&C Securityholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the N&C Securities;
- (e) after the Redenomination Date, all payments in respect of the N&C Securities, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the N&C Securities to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the N&C Securities are Fixed Rate N&C Securities and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
  - (i) in the case of the N&C Securities represented by a Global N&C Security, by applying the Rate of Interest to the aggregate outstanding nominal amount of the N&C Securities represented by such Global N&C Security; and
  - (ii) in the case of definitive N&C Securities, by applying the Rate of Interest to the Calculation Amount;

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

- (g) if the N&C Securities are Floating Rate N&C Securities, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Principal Paying Agent or the Registrar, as applicable, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.



## *General Terms and Conditions of the N&C Securities*

### **17.2 Definitions**

In the Conditions, the following expressions have the following meanings:

**"Established Rate"** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

**"euro"** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**"Redenomination Date"** means (in the case of interest bearing N&C Securities) any date for payment of interest under the N&C Securities or (in the case of any other N&C Securities) any date, in each case specified by the Issuer in the notice given to the N&C Securityholders pursuant to N&C Security Condition 17.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

**"Relevant N&C Securities"** means all N&C Securities where the applicable Pricing Supplement provides for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000; and

**"Treaty"** means the Treaty on the Functioning of the European Union, as amended.

### **18. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the N&C Securityholders, the Receiptholders or the Couponholders to create and issue further N&C Securities having terms and conditions the same as the N&C Securities or the same in all respects save for the issue price and date of issue thereof and the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so as to be consolidated and form a single Series with the outstanding N&C Securities.

### **19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the N&C Securities by virtue of the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

### **20. SEVERABILITY**

Should any of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

### **21. GOVERNING LAW AND JURISDICTION**

#### **21.1 Governing law**

The Agency Agreement, the N&C Securities Depository Agreement, the Guarantee, the Deed of Covenant, the N&C Securities, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Guarantee, the Deed of Covenant, the N&C Securities, the Receipts and the Coupons are governed by, and construed in accordance with, English law.

#### **21.2 Jurisdiction**

- (a) The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Guarantee, the Deed of Covenant, the N&C Securities, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Guarantee, the

***General Terms and Conditions of the N&C Securities***

Deed of Covenant, the N&C Securities, the Receipts and/or the Coupons (a "**Dispute**") and each of the Issuer and the Guarantor submits and (by their acquisition of N&C Securities) each N&C Securityholder, Receiptholder and Couponholder is deemed to submit to the exclusive jurisdiction of the English courts.

- (b) For the purposes of this N&C Security Condition 21.2, each of the Issuer and the Guarantor waives and (by their acquisition of N&C Securities) each N&C Securityholder, Receiptholder and Couponholder is deemed to waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

## *General Terms and Conditions of the Warrants*

### GENERAL TERMS AND CONDITIONS OF THE WARRANTS

*The following general terms and conditions (the "Warrant Conditions"), together with the Annex(es) (if applicable), are the terms and conditions (collectively, the "Conditions") of the Warrants which will be incorporated by reference into each Global Warrant (as defined below). The applicable Pricing Supplement in relation to any Tranche of Warrants will complete and supplement the Conditions in relation to each Tranche of Warrants and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Warrant Conditions, together with the Annex(es) (if applicable), replace or modify the following Warrant Conditions for the purpose of such Warrants. The applicable Pricing Supplement, (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Warrant. Reference should be made to the "Applicable Pricing Supplement" for a description of the content of the applicable Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Warrants. References in these Conditions to the "applicable Pricing Supplement" shall mean the Pricing Supplement for a tranche of Warrants issued pursuant to these Conditions. One such applicable Pricing Supplement may relate to two or more separate series of Warrants.*

This Warrant is one of a Series of Warrants issued by Abbey National Treasury Services plc (the "**Issuer**" which expression shall include any substitute pursuant to Warrant Condition 12 (Substitution) below) pursuant to a Warrant Agreement (as defined below). The Warrants of each Series are constituted by a global warrant (the "**Global Warrant**").

References herein to the "**Warrants**" shall be references to the Warrants of this Series and shall include any Global Warrant.

The Warrants have the benefit of an amended and restated warrant agreement dated on or around 3 April 2014 (such Warrant Agreement as amended and/or supplemented and/or restated from time to time, the "**Warrant Agreement**") made between the Issuer, Santander UK plc (the "**Guarantor**") as guarantor, Citibank, N.A., London as principal warrant agent (the "**Principal Warrant Agent**", which expression shall include any additional or successor agent acting in such capacity), Citigroup Global Markets Deutschland AG as the German warrant agent (the "**German Warrant Agent**" which expression shall include any additional or successor agent acting in such capacity), and Banque Internationale à Luxembourg, *société anonyme* as Luxembourg warrant agent (the "**Luxembourg Warrant Agent**", which expression shall include any additional or successor agent acting in such capacity and, together with the Principal Warrant Agent and the German Warrant Agent, the "**Warrant Agents**"). The Principal Warrant Agent, the German Warrant Agent, the Luxembourg Warrant Agent and the Calculation Agent are together referred to as the "**Agents**".

References to "**Calculation Agent**" are to the entity specified as such in the applicable Pricing Supplement or any successor in such capacity.

The Issuer's obligations in respect of this Warrant have been guaranteed by the Guarantor pursuant to a guarantee (such guarantee, as modified, supplemented and/or restated from time to time, the "**Guarantee**") dated 5 April 2013 and executed by the Guarantor. The original Guarantee is held by the Principal Warrant Agent at its specified office.

The Pricing Supplement for this Warrant (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Warrant which supplement these General Terms and Conditions of the Warrants (the "**Warrants**", which term shall include one or more Annex(es) in the form annexed hereto (each an "**Annex**") if specified as applicable herein and/or in such Pricing Supplement) may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify the Conditions for the purposes of this Warrant. References to the "**applicable Pricing Supplement**" are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Warrant in so far as they relate to the Warrant and provisions relating to types of Warrants for which no Annex exists shall be set out, if required, in the applicable Pricing Supplement.

Any reference to "**Warrantholders**" or "**holders**" in relation to any Warrants shall mean the holders of the Warrants and shall, in relation to any Warrants represented by a Global Warrant, be construed as provided below.

As used herein, "**Tranche**" means Warrants which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Warrants together with any further Tranche or Tranches of Warrants which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, and/or Issue Prices.

## *General Terms and Conditions of the Warrants*

Copies of the Warrant Agreement (which contains the form of the Guarantee) are available for inspection during normal business hours at the specified office of each of the Warrant Agents. Copies of the applicable Pricing Supplement are available for viewing during normal business hours at the specified office of each of the Warrant Agents and copies may be obtained from those offices in each case only by a Warrantholder holding one or more Warrants provided that such Warrantholder must produce evidence satisfactory to the Issuer and the relevant Warrant Agent as to its holding of such Warrants and identity. The Warrantholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Warrant Agreement, the Guarantee, and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Warrant Agreement.

Words and expressions defined in the Warrant Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Warrant Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement shall prevail. In the case of any inconsistency between any Annex(es) specified as applicable herein and/or in the applicable Pricing Supplement and other parts of these Conditions, the provisions of the applicable Annex(es) shall prevail unless otherwise specified herein. In the case of any inconsistency between the applicable Pricing Supplement and the Conditions, the applicable Pricing Supplement shall prevail.

### **1. TYPE, TITLE AND TRANSFER**

#### **1.1 Type**

A Warrant may be designated in the applicable Pricing Supplement as relating to a single currency or basket of currencies, a single equity index or basket of equity indices, a single share or basket of shares, a single debt security or basket of debt securities, a single commodity or basket of commodities, a single inflation index or basket of inflation indices, a single exchange traded fund share or unit or basket of exchange traded fund shares or units, a single property index or basket of property indices, a single fund share or unit or basket of fund shares or units, an interest rate and other asset classes or types and accordingly as a Currency Linked Warrant, an Equity Index/ETF Linked Warrant, an Equity Linked Warrant, a Commodity Linked Warrant, a Debt Linked Warrant, a Fund Linked Warrant, an Inflation Index Linked Warrant, a Property Index Linked Warrant, an Interest Rate Linked Warrant or any other or further type of warrants including Warrants which relate to any combination of such asset classes or types. Certain terms which will, unless otherwise varied in the applicable Pricing Supplement, apply to Currency Linked Warrants, Equity Index/ETF Linked Warrants, Equity Linked Warrants, Fund Linked Warrants, Inflation Index Linked Warrants or Property Index Linked Warrants are set out in the relevant Annex specified to be applicable in the applicable Pricing Supplement.

The applicable Pricing Supplement will indicate whether the Warrants are American style Warrants ("**American Style Warrants**"), European style Warrants ("**European Style Warrants**") or Bermudan style Warrants ("**Bermudan Style Warrants**") or such other type as may be specified in the applicable Pricing Supplement, whether settlement shall be by way of cash payment ("**Cash Settled Warrants**") or physical delivery ("**Physical Delivery Warrants**"), whether the Warrants are call Warrants ("**Call Warrants**") or put Warrants ("**Put Warrants**"), or such other type as may be specified in the applicable Pricing Supplement, and whether Averaging ("**Averaging**") will apply to the Warrants. Warrants must be exercised in Units and any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect. The number of Warrants per Unit shall be 1 Warrant per Unit. If Averaging is specified as applying in the applicable Pricing Supplement the applicable Pricing Supplement will state the relevant Averaging Dates and, if an Averaging Date is a Disrupted Day, whether Omission, Postponement or Modified Postponement (each as defined in the relevant Annex) applies.

References in the Conditions, unless the context otherwise requires, to Cash Settled Warrants shall be deemed to include references to Physical Delivery Warrants, which include an option (as set out in the applicable Pricing Supplement) at the Issuer's election to request cash settlement of such Warrant and where settlement is to be by way of cash payment, and references in the Conditions, unless the context otherwise requires, to Physical Delivery Warrants shall be deemed to include references to Cash Settled Warrants which include an option (as set out in the applicable Pricing Supplement) at the Issuer's election to request physical delivery of the relevant underlying asset in settlement of such Warrant and where settlement is to be by way of physical delivery.

## *General Terms and Conditions of the Warrants*

Warrants may allow holders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Pricing Supplement. Those Warrants where the holder has elected for cash payment will be Cash Settled Warrants and those Warrants where the holder has elected for physical delivery will be Physical Delivery Warrants. The rights of a holder as described in this paragraph may be subject to the Issuer's right to vary settlement as indicated in the applicable Pricing Supplement.

### **1.2 Title to Warrants**

Each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular number of Warrants (in which regard any warrant or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Warrants standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Warrant Agents as the holder of such amount of Warrants for all purposes (and the expressions "**Warrantholder**" and "**holder of Warrants**" and related expressions shall be construed accordingly).

### **1.3 Transfers of Warrants**

All transactions (including transfers of Warrants) in the open market or otherwise must be effected through an account at Clearstream, Luxembourg or Euroclear subject to and in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or of Euroclear, as the case may be. Title will pass upon registration of the transfer in the books of either Clearstream, Luxembourg or Euroclear, as the case may be. Transfers of Warrants may not be effected after the exercise of such Warrants pursuant to Warrant Condition 5 (Exercise Procedure).

The Warrants shall only be transferred in Clearstream, Luxembourg or Euroclear in Units, with each Unit representing 1 Warrant. The applicable Pricing Supplement will also specify the Minimum Tradeable Size and, if applicable, the Multiple Tradeable Size expressed in Units. Any transfers may only be made in the Minimum Tradeable Size and the Multiple Tradeable Size in excess thereof specified in the applicable Pricing Supplement.

Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system, specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and Principal Warrant Agent, and notified to the Warrantholders in accordance with Warrant Condition 11 (Notices).

Transfers of Warrants may only be made, prior to expiry of the Distribution Compliance Period (as defined below), upon certification (in the form from time to time available from any Warrant Agent) to the Principal Warrant Agent by the transferor thereof that such transfer is being made to a non-U.S. person in an offshore transaction pursuant to Regulation S and, after the expiration of the Distribution Compliance Period, to a non-U.S. person in an offshore transaction pursuant to Regulation S but without such certification.

If the Principal Warrant Agent subsequently determines or is subsequently notified by the Issuer that (i) the Warrantholder was in breach, at the time given, of any representation or agreement given by such Warrantholder or (ii) a transfer or attempted transfer of any Warrants was consummated that did not comply with the transfer restrictions set forth in this Warrant Condition 13, the purported transfer shall be absolutely null and *void ab initio* and shall vest no rights in the purported transferee (such purported transferee, a "Disqualified Transferee") and the last preceding Warrantholder that was not a Disqualified Transferee shall be restored to all rights as a Warrantholder in such Warrants retroactively to the date of transfer of such Warrants by such Warrantholder. The Calculation Agent will make any adjustments to the Conditions as it determines appropriate to reflect any such event.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in Part B of the applicable Pricing Supplement or otherwise approved by the Issuer, the Guarantor and the Warrant Agents and notified to the Warrantholders in accordance with Warrant Condition 11 (Notices) (each a "**Clearance System**").

## *General Terms and Conditions of the Warrants*

### **2. STATUS OF THE WARRANTS**

The Warrants are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and (subject to any applicable statutory provisions or judicial order) at least equally with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Issuer.

### **3. STATUS OF THE GUARANTEE**

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank *pari passu* with all present and future direct, unconditional, unsecured and unsubordinated obligations (including those arising under deposits received in its banking business) of the Guarantor, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

Subject as provided below and in the Guarantee, the Guarantor has unconditionally and irrevocably:

- (a) guaranteed to each Warrantholder all obligations of the Issuer in respect of such Warrantholder's Warrants as and when such obligations become due; and
- (b) agreed that if and each time that the Issuer fails to satisfy any obligation under such Warrants as and when such obligation becomes due, the Guarantor will (without requiring the relevant Warrantholder first to take steps against the Issuer or any other person) make or cause to be made such payment or satisfy or cause to be satisfied such obligation punctually when and as the same shall become due and payable or due to be satisfied, as the case may be, as though the Guarantor were the principal obligor in respect of such obligation.

As more fully set forth in the Guarantee, the Guarantor shall at all times have the right, in its sole and unfettered discretion, to elect not to deliver or procure delivery of the Entitlement (as specified in the applicable Pricing Supplement) to the holders of Physical Delivery Warrants when the same shall become due and deliverable, but in lieu thereof to make payment in respect of each Physical Delivery Warrant to the holder(s) of such Physical Delivery Warrant of an amount determined by the Guarantor in good faith and in a commercially reasonable manner to be equal to the fair market value of the assets to which the Entitlement in respect of the relevant Warrant relates less such Warrant's *pro rata* share of the costs of unwinding any underlying related hedging and/or funding arrangements of the Issuer and/or Guarantor (the "**Guaranteed Cash Settlement Amount**"). Any payment of the Guaranteed Cash Settlement Amount in lieu of the relevant Entitlement shall constitute a complete discharge of the Guarantor's obligations in respect of the relevant Warrants save as to any other cash amounts due in respect of such Warrants.

### **4. EXERCISE RIGHTS**

#### **4.1 Exercise Period**

##### **(A) American Style Warrants**

American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period.

If Automatic Exercise is not specified as applying in the applicable Pricing Supplement, any American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in Warrant Condition 5 (Exercise Procedure), at or prior to 10.00 a.m., Luxembourg or Brussels time, as appropriate, on the Expiration Date, shall become void.

If Automatic Exercise is specified as applying in the applicable Pricing Supplement, any American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in Warrant Condition 5 (Exercise Procedure), at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the last Exercise Business Day of the Exercise Period (in respect of an American Style Warrant, the "**Expiration Date**") and which in the determination of the Calculation Agent is "In-The-Money", shall be exercised by the Principal Warrant Agent on behalf of

## *General Terms and Conditions of the Warrants*

the relevant Warrantholder on the Expiration Date. The expression "exercise", "due exercise" and related expressions shall be construed to apply to any American Style Warrants which Automatic Exercise applies in accordance with this provision.

With respect to an American Style Warrant, the "**Actual Exercise Date**" means (i) the Exercise Business Day during the Exercise Period on which an Exercise Notice is delivered prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), to Clearstream, Luxembourg or Euroclear, as the case may be, and the copy thereof so received by the Principal Warrant Agent or, (ii) if Automatic Exercise is specified as applying in the applicable Pricing Supplement and there is no earlier Actual Exercise Date under (i) above and Automatic Exercise occurs on the Expiration Date in accordance with the preceding paragraph, the Expiration Date. If any Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Exercise Business Day during the Exercise Period, such Exercise Notice will be deemed to have been delivered on the next Exercise Business Day, which Exercise Business Day shall be deemed to be the Actual Exercise Date, provided that any such Warrants in respect of which no Exercise Notice has been delivered in the manner set out in Warrant Condition 5 (Exercise Procedure) at or prior to 10.00 a.m. Luxembourg or Brussels time (as appropriate) on the Expiration Date shall (i) if Automatic Exercise is not specified as applying in the applicable Pricing Supplement, become void, or (ii) if Automatic Exercise is specified as applying in the applicable Pricing Supplement, be automatically exercised on the Expiration Date, subject as provided above.

### (B) *European Style Warrants*

European Style Warrants are only exercisable on the Exercise Date.

If Automatic Exercise is not specified as applying in the applicable Pricing Supplement, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Warrant Condition 5 (Exercise Procedure), at or prior to 10.00 a.m. (Luxembourg or Brussels time, as appropriate) on the Exercise Date or if such day is not an Exercise Business Day, the immediately following Exercise Business Day (in respect of a European Style Warrant, the "**Actual Exercise Date**" and the "**Expiration Date**"), shall become void.

If Automatic Exercise is specified as applying in the applicable Pricing Supplement, any such European Style Warrant which in the determination of the Calculation Agent is "In-The-Money", shall be automatically exercised by the Principal Warrant Agent on behalf of the Warrantholders on the Actual Exercise Date and the provisions of Warrant Condition 5 (Exercise Procedure) shall apply. The expression "exercise", "due exercise" and related expressions shall be construed to apply to any European Style Warrants to which Automatic Exercise applies in accordance with this provision.

### (C) *Bermudan Style Warrants*

Bermudan Style Warrants are exercisable on each Exercise Date or if any Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day.

If Automatic Exercise is not specified as applying in the applicable Pricing Supplement, any Bermudan Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Warrant Condition 5 (Exercise Procedure), at or prior to 10.00 a.m. (Luxembourg or Brussels time, as appropriate) on the last Exercise Date or if such day is not an Exercise Business Day, the immediately following Exercise Business Day (in respect of a Bermudan Style Warrant, the "**Expiration Date**"), shall become void.

If Automatic Exercise is specified as applying in the applicable Pricing Supplement, any such Bermudan Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in Warrant Condition 5 (Exercise Procedure), at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the Expiration Date, and which in the determination of the Calculation Agent is "In The Money", shall be exercised by the Principal Warrant Agent on behalf of the relevant Warrantholder on the Expiration Date. The expression "exercise", "due exercise" and related expressions shall be construed to apply to any Bermudan Style Warrants to which Automatic Exercise applies in accordance with this provision.

With respect to a Bermudan Style Warrant, the "**Actual Exercise Date**" means (i) the Exercise Date, or if such Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day, on which an Exercise Notice is

## *General Terms and Conditions of the Warrants*

delivered prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), to Clearstream, Luxembourg or Euroclear, as the case may be, and the copy thereof so received by the Principal Warrant Agent or, (ii) if Automatic Exercise is specified as applying in the applicable Pricing Supplement and there is no earlier Actual Exercise Date under (i) above and Automatic Exercise occurs on the Expiration Date in accordance with the preceding paragraph, the Expiration Date. If any Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Exercise Date, or if such Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day, such Exercise Notice will be deemed to have been delivered on the next Exercise Date (or if such Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day), which Exercise Date (or if such Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day) shall be deemed to be the Actual Exercise Date, provided that any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Warrant Condition 5 (Exercise Procedure) at or prior to 10.00 a.m. Luxembourg or Brussels time (as appropriate) on the Expiration Date shall (i) if Automatic Exercise is not specified as applying in the applicable Pricing Supplement, become void or (ii) Automatic Exercise is specified as applying in the applicable Pricing Supplement, be automatically exercised on the Expiration Date, subject as provided above.

For the purposes of this Warrant Condition 4.1, "**In-The-Money**" means:

- (i) in the case of a Cash Settled Warrant, the Cash Settlement Amount in respect of such Cash Settlement Warrant is greater than zero; and
- (ii) in the case of a Physical Delivery Warrant, the Assessed Value Payment Amount for such Physical Delivery Warrant is greater than zero,

in each case in the determination of the Calculation Agent.

### **4.2 Cash Settlement**

#### **(A) Cash Settlement Amount**

If the Warrants are Cash Settled Warrants, unless otherwise specified in the Pricing Supplement, each Unit entitles its holder, upon due exercise, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

- (i) where Averaging is not specified in the applicable Pricing Supplement:
  - (a) if such Units represent Call Warrants,  
  
(Settlement Price less Exercise Price) multiplied by, in the case of Currency Linked Warrants only, the Unit Nominal Amount; and
  - (b) if such Units represent Put Warrants,  
  
(Exercise Price less Settlement Price) multiplied by, in the case of Currency Linked Warrants only, the Unit Nominal Amount.
- (ii) where Averaging is specified in the applicable Pricing Supplement:
  - (a) if such Units represent Call Warrants,  
  
((i) the arithmetic mean of the Settlement Prices for all the Averaging Dates less (ii) Exercise Price) multiplied by, in the case of Currency Linked Warrants only, the Unit Nominal Amount; and
  - (b) if such Units represent Put Warrants,



## *General Terms and Conditions of the Warrants*

((i) Exercise Price less (ii) the arithmetic mean of the Settlement Prices for all the Averaging Dates) multiplied by, in the case of Currency Linked Warrants only, the Unit Nominal Amount.

Any amount determined pursuant to the above, if not an amount in the Specified Currency, will be converted into the Specified Currency at the Exchange Rate specified in the applicable Pricing Supplement for the purposes of determining the Cash Settlement Amount.

### (B) Rounding provisions

If "**Rounded Up**" is specified in the applicable Pricing Supplement, Warrants exercised at the same time by the same Warrantholder will be aggregated for the purposes of determining the aggregate Cash Settlement Amount payable in respect of such Warrants, with the resultant amount rounded up to the nearest sub-unit.

If "**Rounded Down**" is specified in the applicable Pricing Supplement, Warrants exercised at the same time by the same Warrantholder will be aggregated for the purposes of determining the aggregate Cash Settlement Amount payable in respect of such Warrants, with the resultant amount rounded down to the nearest sub-unit.

For this purpose, "**sub-unit**" means (i) for any non-euro denominated Warrants, the lowest amount of the Specified Currency that is available as legal tender in the country of such currency and (ii) for any euro denominated Warrants, one cent.

### 4.3 Physical Settlement

#### (A) Exercise Rights in relation to Physical Delivery Warrants

##### (1) Asset Transfer Notices

In relation to Physical Delivery Warrants, in order to obtain delivery of the Entitlement on the Settlement Date in respect of each Warrant upon due exercise and subject to payment of the relevant Exercise Price and any other sums payable, the relevant Warrantholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Principal Warrant Agent and the Calculation Agent not later than the close of business in each place of reception on or prior to 10:00 a.m. Luxembourg or Brussels time (as appropriate) on the Expiration Date, a duly completed Asset Transfer Notice in the form set out in the Warrant Agreement, together, in the case of any Physical Delivery Warrants that are not specified in the applicable Pricing Supplement to be Automatic Exercise, an Exercise Notice as specified in Warrant Condition 5.1(a).

Copies of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Principal Warrant Agent.

An Asset Transfer Notice may only be delivered in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be.

The Asset Transfer Notice shall:

- (i) specify the name, address and contact telephone number of the relevant Warrantholder and the person from whom the Issuer may obtain details for the delivery of the Entitlement;
- (ii) specify the number of Warrants and, if applicable, Units which are the subject of such notice and the number of the Warrantholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Warrants and irrevocably instruct and authorise Euroclear or Clearstream, as the case may be, to debit the relevant Warrantholder's account on or before the Settlement Date;
- (iii) include an undertaking to pay all Exercise Expenses (as defined in Warrant Condition 4.7) and an authority to Euroclear or Clearstream, Luxembourg, as the case may, be to debit a specified account of

### ***General Terms and Conditions of the Warrants***

the Warrantholder with Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Exercise Expenses;

- (iv) include such details as are required for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and number of the Warrantholder's account to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price;
  - (v) certify, *inter alia*, that the beneficial owner of each Warrant is not a U.S. person (as defined in the Asset Transfer Notice), the Warrant is not being exercised within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any exercise thereof, and where appropriate, undertake to provide such various forms of certification in respect of restrictions under the securities, commodities, tax and other laws of the United States of America, as required by the Issuer or indicated and set out in the applicable Pricing Supplement; and
  - (vi) authorise the production of such certification in any applicable administrative or legal proceedings,
- all as provided in the Warrant Agreement.

#### (2) Verification of the Warrantholder

Upon receipt of an Asset Transfer Notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person delivering the Asset Transfer Notice is the holder of the Warrants described therein according to its records. Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Principal Warrant Agent the series number and number of Warrants which are the subject of such notice, the relevant account details and the details for the delivery of the Entitlement of each Warrant. Upon receipt of such confirmation, the Principal Warrant Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg as the case may be will on or before the Settlement Date debit the securities account of the relevant Warrantholder with the relevant Warrants.

#### (3) Determinations

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made by Euroclear or Clearstream, Luxembourg, as the case may be, in consultation with the Principal Warrant Agent, and shall be conclusive and binding on the Issuer, the Principal Warrant Agent(s) and the relevant Warrantholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Warrant Agent immediately after being delivered or sent as provided in Warrant Condition 11 below, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of Euroclear or Clearstream, Luxembourg, as the case may be, in consultation with the Principal Warrant Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearance System or the Principal Warrant Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Warrantholder may not transfer the Warrants which are the subject of such notice.

#### (4) Delivery

- (a) Subject to:

### ***General Terms and Conditions of the Warrants***

- (i) an Asset Transfer Notice having been duly delivered as provided above on or prior to the Expiration Date together, in the case of any Physical Delivery Warrants that are not specified in the applicable Pricing Supplement to be Automatic Exercise, an Exercise Notice having been duly delivered as specified in Warrant Condition 5.1(a); and
- (ii) all Exercise Expenses having been paid or otherwise accounted for to the satisfaction of the Issuer by the relevant Warrantholder,

the Issuer shall, at the risk of the relevant Warrantholder, deliver or procure the delivery of the Entitlement for each Warrant, pursuant to the details specified in the Asset Transfer Notice or in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Warrantholder in the relevant Asset Transfer Notice, on the applicable Settlement Date (such date, subject to adjustment in accordance with this Warrant Condition, the "**Settlement Date**"). Where the Asset Transfer Notice stipulates that the Entitlement should be delivered to a specified clearing system, the Issuer's or the Guarantor's obligation to deliver such Entitlement will be discharged by delivery to, or to the order of, the relevant clearing system and each of the persons shown in the records of the relevant clearing system as the account holder must look solely to the relevant clearing system for his share of any Entitlement so delivered.

- (b) If a Warrantholder fails to deliver an Asset Transfer Notice as provided herein with a copy to the Warrant Agent, on or prior to the Expiration Date, then:
  - (i) the Issuer may elect, in its sole discretion to deliver or procure the delivery of the aggregate Entitlements for all such affected Warrants, at the risk of the relevant Warrantholder, to, or to the order of, the relevant Clearance System(s) in which the Warrants are held (and this may be after the date fixed for cancellation) and its obligation to deliver any such Entitlement so delivered shall be discharged thereby. Each of the persons shown in the records of the relevant Clearance System as the holder of a particular amount of the Warrants must look solely to the relevant Clearance System for his share of each such Entitlement so delivered to, or to the order of, such Clearance System. For the purposes of paragraph (5) below, each Clearance System will be deemed to be a single Warrantholder and each Clearance System will be requested to divide and deliver such Entitlements in accordance with its rules; or
  - (ii) the Entitlement will be delivered as soon as practicable after the Settlement Date at the risk of such Warrantholder in the manner provided in paragraph (a) above. For the avoidance of doubt, in such circumstances such Warrantholder shall not be entitled to any payment as a result of such delivery falling after the Settlement Date and no liability in respect thereof shall attach to the Issuer.
- (c) To the extent that the Issuer is not satisfied that the Exercise Expenses have been or will be paid in full by the relevant Warrantholder on or prior to the relevant Settlement Date, the Issuer may, in its sole discretion, elect to reduce the Entitlement(s) to be delivered by an amount(s) which by market value (determined at the time of reduction by reference to such valuation sources as the Issuer determines appropriate) in aggregate is at least equal to the aggregate Exercise Expenses that it determines, in its sole discretion, have not been paid or otherwise accounted for (the Entitlement as so reduced, the "**Reduced Entitlement**"). Where the Issuer elects to make such a reduction, in accordance with this Warrant Condition 4.3(A)(4)(c), the Issuer's obligation to deliver the Entitlement(s) shall be discharged in full by delivery of the Reduced Entitlement in accordance with the provisions of this Warrant Condition 4.3(A)(4)(c). The provisions of paragraphs (5) and (6) of this Warrant Condition 4.3(A) and the provisions of Warrant Condition 4.3(B) shall apply *mutatis mutandis* to any such delivery of the Reduced Entitlement.

## *General Terms and Conditions of the Warrants*

### (5) General

For the purpose of determining the Entitlements in respect of the Warrants, Warrants held by the same Warrantholder will be aggregated. The aggregate Entitlement(s) to be delivered in respect of each such aggregated holding will be rounded down to the nearest whole unit of the Relevant Asset (or, where there is more than one type of Relevant Asset, each of the Relevant Assets), as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered but in lieu thereof the Issuer shall pay to the Warrantholders in respect of their respective holding an additional amount in the Specified Currency equal to the fair market value of such fraction(s) in such manner as shall be determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and notified to Warrantholders in accordance with Warrant Condition 11 (Notices).

Following the Settlement Date of a Share or other Relevant Asset, all dividends on such Share or other distributions with respect to such other the Relevant Asset to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares or other Relevant Asset executed on the Settlement Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Warrantholder will be paid to the account specified by the Warrantholder in the relevant Asset Transfer Notice or otherwise paid to the relevant Clearance System for the account of Warrantholders.

For such period of time after delivery of the Entitlement as the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the securities comprising the Entitlement (the "**Intervening Period**"), none of the Issuer, the Warrant Agents or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Warrantholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Warrantholder in respect of any loss or damage which such Warrantholder 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 comprised in such Entitlement or otherwise as specified in the applicable Pricing Supplement.

### (6) Settlement Disruption

If, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Pricing Supplement or such commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on the Settlement Date, then the Settlement Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event unless there is a Settlement Disruption Event on each of the ten (10) Settlement Business Days immediately following the original date that, but for such Settlement Disruption Event, would have been a valid Settlement Date. In that case, (a) if the Entitlement can be delivered in any other commercially reasonable manner, as determined by the Calculation Agent, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be the first day on which settlement of a sale of Relevant Assets comprising the Entitlement executed on that tenth (10) Clearance System Business Day would customarily take place using such other commercially reasonable manner, and (b) if the Relevant Assets comprising the Entitlement cannot be delivered in any other commercially reasonable manner, then the Settlement Date will be postponed until delivery can be effected in the manner contemplated in the Asset Transfer Notice or in any other commercially reasonable manner, as determined by the Calculation Agent. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date. For so long as delivery of the Entitlement 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 Warrant by payment to the

## *General Terms and Conditions of the Warrants*

relevant Warrantholder of the Disruption Cash Settlement Price (as defined below) on the fifth (5th) Business Day following the date that notice of such election is given to the Warrantholders in accordance with Warrant Condition 11 (Notices). Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Warrantholders in accordance with Warrant Condition 11 (Notices). The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Warrant Condition 11 (Notices) that a Settlement Disruption Event has occurred. No Warrantholder shall be entitled to any payment in respect of the relevant Warrant in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

### (B) Definitions specific to Physical Delivery

"**Asset Transfer Notice**" shall mean the notice in the form set out in the Warrant Agreement.

"**Disruption Cash Settlement Price**", in respect of any relevant Warrant, shall be the fair market value of such Warrant expressed in the Specified Currency (taking into account any relevant currency exchange rate and, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Asset), all as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner.

"**Expiration Date**" has the meaning specified in the applicable Pricing Supplement.

"**Settlement Business Day**" has the meaning specified in the applicable Pricing Supplement.

"**Settlement Disruption Event**" means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer or the Guarantor, as the case may be, cannot make delivery of the Relevant Assets using the method specified in the applicable Pricing Supplement.

### 4.4 Issuer's Option to Vary Settlement

If the applicable Pricing Supplement indicates that the Issuer has an option to vary settlement in respect of the Warrants, upon a valid exercise of a Warrant in accordance with the Conditions, the Issuer may at its sole and unfettered discretion in respect of such Warrant, elect not to pay the relevant Warrantholders the Cash Settlement Amount or to deliver or procure delivery of the Entitlement to the relevant Warrantholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Warrantholders, as the case may be. Notification of such election will be given to Warrantholders no later than 10.00 a.m. (London time) on the second Business Day following the Actual Exercise Date.

### 4.5 General

In relation to any Warrants where Automatic Exercise is specified as applying in the applicable Pricing Supplement, the expressions "exercise", "due exercise" and related expressions shall be construed to apply to any such Warrants which are automatically exercised in accordance with the above provisions.

None of the Issuer, the Guarantor, the Calculation Agent and the Warrant Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Entitlement.

The purchase of Warrants does not confer on any holder of such Warrants any rights (whether in respect of voting, distributions or otherwise) attaching to any Reference Item or Relevant Asset.

All references in this Warrant Condition to "**Luxembourg or Brussels time**" shall, where Warrants are cleared through an additional or alternative clearing system, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

## *General Terms and Conditions of the Warrants*

### **4.6 Business Day Convention**

If the date for payment of any amount due in respect of any Warrant is not a Business Day, the Warrantholder shall not be entitled to payment until:

- (a) if "**Following**" is specified in the applicable Pricing Supplement, the next following Business Day; or
- (b) if "**Modified Following**" is specified in the applicable Pricing Supplement, the next following Business Day unless that day falls in the next calendar month, in which case the first preceding day that is a Business Day,

in each case with payment being made in the relevant place and the Warrantholder shall not be entitled to any further payment in respect of such delay. If no Business Day Convention is specified in the applicable Pricing Supplement, the "Following" Business Day Convention will apply to the Warrants.

### **4.7 Definitions**

For the purposes of the Conditions, the following general definitions will apply:

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) and Clearstream, Luxembourg and Euroclear are open for business and (ii) for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (or any successor thereto) is open (the "**TARGET2 System**").

"**Cash Settlement Amount**" means, in relation to each Cash Settled Warrant, the aggregate amount to which the Warrantholder is entitled in the Specified Currency in relation to such Cash Settled Warrant. The Cash Settlement Amount shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards if "Rounded Up" is specified in the applicable Pricing Supplement or (b) rounded downwards if "Rounded Down" is specified in the applicable Pricing Supplement, in each case as provided in Warrant Condition 4.2 (Cash Settlement).

"**Costs**" means costs, losses, expenses, taxes and/or duties including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties (together with any interest additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties).

"**Distribution Compliance Period**" means either the period expiring (i) 40 days after completion of the distribution of the relevant Warrants or (ii) such longer period as may be specified in the applicable Pricing Supplement.

"**Entitlement**" means, in relation to a Physical Delivery Warrant, the aggregate quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Warrantholder is entitled to receive on the Settlement Date in relation to such Physical Delivery Warrant. The Entitlement shall be rounded down as provided in Warrant Condition 4.3(A), as determined by the Calculation Agent including any documents evidencing such Entitlement.

"**Exercise Business Day**" means:

- (a) in the case of Cash Settled Warrants, a day that is a Business Day; and
- (b) in the case of Physical Delivery Warrants, a day that is a Business Day and a Scheduled Trading Day.

"**Exercise Date**" is as specified in the applicable Pricing Supplement, provided that, if such date is not an Exercise Business Day the Exercise Date shall be the immediately succeeding Exercise Business Day.

"**Exercise Expenses**" means, in relation to any Warrant, all costs, taxes duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other costs, taxes or duties (together with any interest additions to tax or penalties applicable thereto and

## *General Terms and Conditions of the Warrants*

any interest in respect of such additions or penalties) which the Calculation Agent determines may be or would be, or would have been incurred (A) in connection with (I) the exercise of such Warrants and, (II) in the case of Physical Delivery Warrants, any payment and/or the delivery or transfer of the Entitlement relating to such Warrants and (B) by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the Warrants.

"**Exercise Price**" is as specified in the applicable Pricing Supplement.

"**Minimal Tradeable Amount**" is as specified in the applicable Pricing Supplement and in Warrant Condition 1.3.

"**Multiple Tradeable Amount**" is as specified in the applicable Pricing Supplement and in Warrant Condition 1.3.

"**Relevant Asset**" is as specified in the applicable Pricing Supplement.

"**Scheduled Trading Day**" is as defined in the applicable Annex in respect of the Relevant Asset.

"**Settlement Date**" means:

- (a) in relation to Cash Settled Warrants, (i) the relevant Scheduled Settlement Date specified in the applicable Pricing Supplement or, if later (ii) the Specified Number of Days Postponement following the relevant Exercise Date; or
- (b) in relation to Physical Delivery Warrants, the date specified as the Scheduled Settlement Date in the applicable Pricing Supplement.

"**Settlement Price**" is as specified in the applicable Pricing Supplement.

"**Unit Nominal Amount**" is as specified in the applicable Pricing Supplement.

### **4.8 Fixed Income Benchmark**

- (a) If "Fixed Income Benchmark" is specified as applicable in the applicable Pricing Supplement, in respect of any relevant Interest Determination Date specified in the applicable Pricing Supplement for which that Rate of Interest is to be determined, the Rate of Interest will be determined in accordance with paragraphs (b), (c) and (d) below.
- (b) *Rate of Interest*
  - (i) *ISDA Determination*

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

- (a) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (b) the Designated Maturity is that period specified in the applicable Pricing Supplement; and
- (c) the relevant Reset Date is the day as specified in the applicable Pricing Supplement.

## *General Terms and Conditions of the Warrants*

For the purposes of this sub-paragraph (i), (w) "**ISDA Definitions**" means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the N&C Securities, (x) "**Euro-zone**" means the region comprised of member states of the European Union ("**Member States**") that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam and (y) "**Floating Rate**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

### (ii) *Screen Rate Determination*

(a) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest will, subject as provided below, be (x) either:

- (i) the offered quotation; or
- (ii) 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 (as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page specified in the applicable Pricing Supplement as at 11:00 a.m. (London time, in the case of the London inter-bank offered rate ("**LIBOR**"), or Brussels time, in the case of the Euro-zone inter-bank offered rate ("**EURIBOR**")) on the Interest Determination Date (as specified in the applicable Pricing Supplement) in question, in each case (y) plus or minus (as indicated in the applicable Pricing Supplement) the Margin specified in the applicable Pricing Supplement (if any), all as determined by the Calculation Agent or other person as specified in the applicable Pricing Supplement. 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 (or other person as specified in the applicable Pricing Supplement) for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

In the event that the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Calculation Agent (or such other person as specified in the applicable Pricing Supplement) will determine the Rate of Interest as the rate it determines would have prevailed but for such non-availability or other event acting in good faith and a commercially reasonable manner.

### (iii) *Bank of England Base Rate Determination*

Where Bank of England Base Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest will be (x) the Bank of England Base Rate (y) plus or minus (as indicated in the applicable Pricing Supplement) the Margin specified in the applicable Pricing Supplement (if any), all as determined by the Calculation Agent.

"**Bank of England Base Rate**" means the most recent published rate for deposits for a period equal to the Designated Maturity (as specified in the applicable Pricing Supplement) which appears on the



## *General Terms and Conditions of the Warrants*

Relevant Screen Page (as specified in the applicable Pricing Supplement) as of 5:00 p.m., London time, on the Interest Determination Date (as specified in the applicable Pricing Supplement) or, if such Relevant Screen Page is not available, such replacement page as the Calculation Agent shall select, or if the Calculation Agent determines no suitable replacement page exists, the rate determined by the Calculation Agent in good faith and in a commercially reasonable manner.

(c) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Pricing Supplement specifies a Minimum Rate of Interest, then, in the event that the Rate of Interest determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest shall be such Minimum Rate of Interest. If no other Minimum Rate of Interest is specified in the applicable Pricing Supplement, then the Minimum Rate of Interest shall be deemed to be zero and in no event shall the Rate of Interest be less than zero.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest, then, in the event that the Rate of Interest determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest shall be such Maximum Rate of Interest.

(d) *Determination of Rate of Interest*

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. The Calculation Agent will notify the Principal Paying Agent of the Rate of Interest as soon as practicable after calculating the same.

## **5. EXERCISE PROCEDURE**

### **5.1 Exercise Notice**

Other than in the case of Automatic Exercise, Warrants may only be exercised by the delivery, (which may include the sending by fax), of a duly completed exercise notice (an "**Exercise Notice**") in the form set out in the Warrant Agreement (copies of which form may be obtained from Clearstream, Luxembourg, Euroclear and the Warrant Agents during normal office hours) to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Warrant Agent in accordance with the provisions set out in Warrant Condition 4.1 (Exercise Period) and this Warrant Condition 5.1 (Exercise Notice).

- (a) In the case of Cash Settled Warrants, the Exercise Notice shall:
- (i) specify the series number of Units and the corresponding amount of Warrants being exercised;
  - (ii) specify the number of the Warrantholder's securities account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the number of Units representing the Warrants being exercised;
  - (iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Warrantholder's securities account with the number of Units representing the Warrants being exercised;
  - (iv) specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the Cash Settlement Amount (if any) for the number of Units representing the Warrant being exercised;
  - (v) include an undertaking to pay all Exercise Expenses and an authority to Clearstream, Luxembourg or Euroclear to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder and/or to debit a specified account of the Warrantholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;

## ***General Terms and Conditions of the Warrants***

(vi) certify, inter alia, that the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice), the Warrant is not being exercised within the United States or on behalf of a U.S. person and no cash has been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any exercise thereof, and where appropriate, undertake to provide such various forms of certification in respect of restrictions under the securities, commodities, tax and other laws of the United States of America, as required by the Issuer or indicated and set out in the applicable Pricing Supplement; and

(vii) authorise the production of such certification in any applicable administrative or legal proceedings, all as provided in the Warrant Agreement.

(b) In the case of Physical Delivery Warrants, the Exercise Notice shall specify the series number of the Warrants and the number of Warrants being exercised by the Warrantholder and be accompanied by a duly completed Asset Transfer Notice as provided in Warrant Condition 4.3(A)(1).

(c) If Warrant Condition 4.4 (*Issuer's Option to Vary Settlement*) applies, the form of Exercise Notice required to be delivered will be different from that described above. Copies of such Exercise Notice may be obtained from the Principal Warrant Agent during normal office hours.

### **5.2 Verification of the Warrantholder**

Upon receipt of an Exercise Notice, Clearstream, Luxembourg or Euroclear, as the case may be, shall verify that the person exercising the Warrants is the holder thereof according to the books of Clearstream, Luxembourg or Euroclear, as the case may be. Subject thereto, Clearstream, Luxembourg or Euroclear, as the case may be, will confirm to the Principal Warrant Agent the series number and number Units representing the Warrants being exercised and the account details, if applicable, for the payment of the Cash Settlement Amount or, as the case may be, the details for the delivery of the Entitlement of each Unit being exercised. Upon receipt of such confirmation, the Principal Warrant Agent will inform the Issuer thereof. Clearstream, Luxembourg or Euroclear, as the case may be, will on or before the Settlement Date debit the account of the relevant Warrantholder with the Warrants being exercised. If the Warrants are American Style Warrants or Bermudan Style Warrants, upon exercise of less than all the Warrants constituted by the Global Warrant, the Common Depositary will, on the instructions of, and on behalf of, the Principal Warrant Agent, note such exercise on the Schedule to the Global Warrant and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

### **5.3 Settlement**

#### **(A) Cash Settled Warrants**

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Warrant:

- (i) to the Warrantholder's account specified in the relevant Exercise Notice, or
- (ii) where no Exercise Notice is received, Automatic Exercise is specified as applying in the applicable Pricing Supplement and Automatic Exercise has occurred in respect of the Warrants to the Warrantholder's account with Clearstream, Luxembourg or Euroclear, as applicable, in accordance with the rules of Clearstream, Luxembourg or Euroclear,

in each case, for value on the Settlement Date less any Exercise Expenses.

#### **(B) Physical Delivery Warrants.**

Subject to payment of the aggregate Exercise Prices and compliance with the provisions of Warrant Condition 4.3(A) with respect to Physical Delivery Warrants, with regard to each of the relevant Warrants, the Issuer shall on the Settlement Date

## *General Terms and Conditions of the Warrants*

deliver, or procure the delivery of, the Entitlement for each duly exercised Warrant pursuant to the details specified in the relevant Asset Transfer Notice. Subject as provided in Warrant Condition 4.3(A), the Entitlement shall be delivered and evidenced in such manner as set out in the applicable Pricing Supplement.

### **5.4 Determinations**

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Warrant Agent, and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Warrant Agent immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, as the case may be, as provided in Warrant Condition 5.1 above, shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and the Principal Warrant Agent.

**If Automatic Exercise is not specified as applying in the applicable Pricing Supplement, any Warrant with respect to which the Exercise Notice and, if applicable, the Asset Transfer Notice have not been duly completed and delivered in the manner set out above by the cut-off time specified in Warrant Conditions 4.1(A), 4.1(B) and 4.1(C), in respect of American Style Warrants, European Style Warrants and Bermudan Style Warrants respectively, shall become void.**

Clearstream, Luxembourg or Euroclear, as the case may be, shall use its best efforts promptly to notify the Warrantholder submitting an Exercise Notice and/or Asset Transfer Notice, as applicable, if, in consultation with the Principal Warrant Agent, it has determined that either such Exercise Notice or Asset Transfer Notice, as applicable, is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Guarantor, the Warrant Agents, Clearstream, Luxembourg or Euroclear shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Warrantholder.

### **5.5 Delivery of an Exercise Notice**

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Warrantholder to exercise the number of Warrants specified therein. After the delivery of such Exercise Notice, such exercising Warrantholder may not transfer such Warrants.

### **5.6 Automatic Exercise**

If Automatic Exercise is specified as applying in the applicable Pricing Supplement and if no Exercise Notice or Asset Transfer Notice, as applicable, is delivered in respect of the relevant Warrants, where the Warrants are, in the determination of the Calculation Agent, "In-The-Money", such Warrants shall be automatically exercised.

### **5.7 Exercise Risk**

Exercise of the Warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and none of the Issuer, the Guarantor and the Warrant Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Guarantor and the Warrant Agents shall under any circumstances be liable for any acts or defaults of Clearstream, Luxembourg or Euroclear in relation to the performance of its duties in relation to the Warrants.

## *General Terms and Conditions of the Warrants*

### **5.8 Minimum and Maximum Number of Warrants Exercisable**

#### (A) American Style Warrants

This paragraph (A) applies only to American Style Warrants.

- (i) The number of Warrants exercisable by any Warrantholder on any Actual Exercise Date or, in the case of Automatic Exercise, the number of Warrants held by any Warrantholder and exercised by Automatic Exercise on the Expiration Date, in each case, as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Pricing Supplement and, if specified in the applicable Pricing Supplement, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Pricing Supplement. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.
- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the "**Quota**"), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Exercise Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

#### (B) European Style Warrants

This paragraph (B) applies only to European Style Warrants.

The number of Warrants exercisable by or on behalf of any Warrantholder on the Exercise Date, as determined by the Issuer, must be equal to the Minimum Exercise Number specified in the applicable Pricing Supplement and, if specified in the applicable Pricing Supplement, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Pricing Supplement. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

#### (C) Bermudan Style Warrants

This paragraph (C) applies only to Bermudan Style Warrants.

- (i) The number of Warrants exercisable by any Warrantholder on any Actual Exercise Date or, in the case of Automatic Exercise, the number of Warrants held by any Warrantholder and exercised by Automatic Exercise on the Expiration Date, in each case, as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Pricing Supplement and, if specified in the applicable Pricing Supplement, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Pricing Supplement. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.
- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the "**Quota**"), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Exercise Date until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are

## *General Terms and Conditions of the Warrants*

exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

### **6. EARLY CANCELLATION**

In the case of Warrants listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange which are cancelled in accordance with this Condition, the Issuer shall forthwith publish a notice on the website of the Luxembourg Stock Exchange regarding such cancellation.

#### **6.1 Cancellation for Illegality**

In the event that the Calculation Agent determines that the performance of the obligations of the Issuer under the Warrants or the obligations of the Guarantor under the Guarantee, or any arrangements made to hedge the Issuer's obligations under the Warrants, 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 the interpretation thereof, the Issuer may (such option being an "**Illegality Cancellation**"), having given not less than 10 nor more than 30 calendar days' notice (or such other notice period as may be specified in the applicable Pricing Supplement) to the Warrantholders in accordance with Warrant Condition 11 (Notices) (which notice shall be irrevocable), on the expiry of such notice cancel all, but not some only, of the Warrants, each Warrant being cancelled at the Early Cancellation Amount.

Should any one or more of the provisions contained in these Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

#### **6.2 Regulatory Cancellation Event**

In the event that the Calculation Agent determines that a change in applicable law or regulation has occurred which results, or will result, solely by reason of the Warrants being outstanding, in the Issuer being required to be regulated by any additional jurisdiction or regulatory authority, or being subject to any additional legal requirement or regulation considered by the Issuer to be materially onerous to it, the Issuer having given not less than 10 nor more than 30 calendar days' notice (or such other notice period as may be specified in the applicable Pricing Supplement) to the Warrantholders in accordance with Warrant Condition 11 (Notices) (which notice shall be irrevocable) may (such option being a "**Regulatory Cancellation**"), on the expiry of such notice cancel all, but not some only, of the Warrants, each Warrant being cancelled at the Early Cancellation Amount referred to in Warrant Condition 6.3 below. Payment shall be made in such manner as shall be notified to Warrantholders in accordance with Warrant Condition 11 (Notices).

#### **6.3 Force Majeure or act of State**

In the event that the Calculation Agent determines that by reason of a Force Majeure Event occurring after the Issue Date it becomes impossible or impracticable for the Issuer, the Guarantor or the Calculation Agent to perform in whole or in part its obligations under the Warrants and/or any related hedging arrangements, the Issuer may (such option being a "**Force Majeure Cancellation**"), having given not less than 10 nor more than 30 calendar days' notice (or such other notice period as may be specified in the applicable Pricing Supplement) to the Warrantholders in accordance with Warrant Condition 11 (Notices) (which notice shall be irrevocable), on the expiry of such notice cancel all, but not some only, of the Warrants, each Warrant being cancelled at the Early Cancellation Amount. Payment shall be made in such manner as shall be notified to Warrantholders in accordance with Warrant Condition 11 (Notices).

As used herein:

"**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 or person or, if the Calculation Agent determines appropriate, the power to direct or cause the direction of the management and policies of the First Entity, whether by contract, or otherwise.

## *General Terms and Conditions of the Warrants*

"**Associated Costs**" means, in respect of a Warrant, an amount equal to such Warrant's *pro rata* share of the total amount of any and all Costs associated or incurred by the Issuer, any Affiliate and/or Hedging Party (as applicable) in connection with such early cancellation, including, without limitation, any Costs associated with unwinding, substituting, re-establishing and/or incurring any funding relating to the Warrants and any Costs associated with unwinding, substituting, re-establishing and/or incurring any hedge positions relating to the Warrant, all as determined by the Calculation Agent in its discretion.

"**Early Cancellation Amount**" means, in respect of a Warrant, the fair market value of such Warrant plus any Exercise Price paid in respect of such Warrant, less any Associated Costs, as determined by the Calculation Agent in its discretion.

"**Force Majeure Event**" means an event or circumstance which prevents in whole or in part the performance by the Issuer, the Guarantor and/or the Calculation Agent of its obligations under the Warrants and/or related hedging arrangements including, without limitation a system failure, fire, natural or man-made disaster, act of God, act of State, armed conflict, act of terrorism, riot or labour disruption.

"**Hedging Party**" means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Issuer's obligations in respect of the Warrants from time to time.

### **6.4 Early Cancellation at the Option of the Issuer**

If Issuer Early Cancellation is specified as being applicable in the applicable Pricing Supplement, the Issuer may, subject to and in accordance with, the terms specified in the applicable Pricing Supplement, having given (a) not less than 15 nor more than 30 calendar days' notice to the Warrantholders in accordance with Warrant Condition 11 and (b) not less than 15 calendar days before the giving of the notice referred to in (a) above, notice to the Principal Warrant Agent (or such other notice periods as may be specified in the applicable Pricing Supplement) (which notices shall be irrevocable and shall specify the date fixed for cancellation), cancel all of the Warrants then outstanding on any Issuer Early Cancellation Date and at the Issuer Early Cancellation Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement. The Issuer Early Cancellation Amount will be the amount specified in the applicable Pricing Supplement.

### **6.5 Early cancellation for tax reasons**

The Issuer may cancel (such option being referred to as a "**Tax Cancellation**") all, but not some only, of the Warrants at any time, on giving not less than 10 nor more than 30 calendar days' notice (or such other notice period as may be specified in the applicable Pricing Supplement) to the Principal Warrant Agent and, in accordance with Warrant Condition 11 (Notices), the Warrantholders (which notice shall be irrevocable), if:

- (a) in respect of any future payment by the Issuer which may arise in respect of the Warrants, the Issuer has or will become obliged to account for any tax, duty, withholding or other payment as provided or referred to in Warrant Condition 9 (Expenses and Taxation) or the Guarantor, if making payment itself would be or would become obliged to account for any tax, duty, withholding or other payment as provided or referred to in Warrant Condition 9 (Expenses and Taxation); and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it. Reasonable measures shall not include anything which has any material impact on the business of the Issuer or the Guarantor, as the case may be, or which would cause the Issuer or the Guarantor, as the case may be, to incur any material costs, and

provided that no such notice of cancellation shall be given earlier than 30 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to account for such tax, duty, withholding or other payment were a payment in respect of the Warrants then due.

Warrants cancelled pursuant to this Warrant Condition will be cancelled at their Early Cancellation Amount referred to in Warrant Condition 6.3 above. Payment shall be made in such manner as shall be notified to Warrantholders in accordance with Warrant Condition 11 (Notices).

## *General Terms and Conditions of the Warrants*

### **7. EVENTS OF DEFAULT**

7.1 If (a) any of the following events shall occur and be continuing and (b) holders of at least twenty-five per cent. (25%) (by number) of the Warrants then outstanding so request the Issuer by notice in relation to the same event given in accordance with Warrant Condition 11 (Notices), then upon the date of such notice requirement in (b) above being satisfied or, in the case of an event as described in (ii) above, on expiry of the relevant time period specified therein, the relevant event shall be treated as an "Event of Default" and unless (in the case of (i) or (ii) above) the relevant default(s) or failure(s) shall have been cured by the Issuer or the Guarantor prior to receipt of such written notice, all but not some only of the Warrants shall be cancelled at an amount in respect of each Warrant equal to the fair market value of a Warrant, calculated without regard to the creditworthiness of the Issuer or the Guarantor at such time, less any Associated Costs all as determined by the Calculation Agent in its discretion. For the purposes of (a) above, the relevant events are:

- (i) default is made for a period of 30 days or more in the payment of any cash settlement or delivery of any Entitlement due in respect of the Warrants or any of them. The Issuer and Guarantor shall not, however, be in default if such sums were not paid or such Entitlement was not delivered in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer or, as the case may be, the Guarantor will not be in default if it acts on the advice given to it during such 30 day period by an independent legal adviser; or
- (ii) the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Warrants, the Guarantee or the Warrant Agreement (as the case may be) and such failure continues for the period of 60 days next following the notice requirement as described in (b) above being satisfied; or
- (iii) an effective resolution is passed or an order is made for the winding-up or dissolution of the Issuer or the Guarantor (except for the purposes of a reconstruction or amalgamation where the entity resulting from such reconstruction or amalgamation assumes all the rights and obligations of, as the case may be, the Issuer (including its obligations under the Warrants) or the Guarantor (including its obligations under the Guarantee)).

7.2 Any default by the Issuer or the Guarantor, other than the events described in Warrant Condition 7.1(i), may be waived by the written consent of holders of a majority (by number) of the Warrants then outstanding affected thereby, or by resolution adopted by a majority (by number) of such Warrants then outstanding present or represented at a meeting of holders of the Warrants affected thereby at which a quorum is present, as provided in the Warrant Agreement.

### **8. PURCHASES**

The Issuer, the Guarantor or any of their respective Affiliates (as defined above) may, but is not obliged to, at any time purchase Warrants at any price in the open market or otherwise, in accordance with applicable laws and regulations. Such Warrants may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered for cancellation.

### **9. EXPENSES, TAXATION AND PROVISION OF INFORMATION**

9.1 A holder of Warrants must pay all Exercise Expenses relating to such Warrants as provided above.

9.2 Neither the Issuer nor the Guarantor shall 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, exercise or enforcement of any Warrant and/or, if applicable, the delivery or transfer of the Entitlement relating to such Warrant, and all payments made by the Issuer or Guarantor shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

9.3 Notwithstanding any other provision in the Conditions, the Issuer or, as the case may be, the Guarantor or the relevant Paying Agent shall be permitted to withhold or deduct any amounts required: (a) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement); and (b) pursuant to Section 871(m) of the Code. Any such amounts

## *General Terms and Conditions of the Warrants*

withheld or deducted will be treated as paid for all purposes under the Warrants, and no additional amounts will be paid on the Securities with respect to any such withholding or deduction.

### **10. AGENTS**

The names of the initial Warrant Agents and their initial specified offices are set out below. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the applicable Pricing Supplement.

#### **10.1 Warrant Agents**

Each of the Issuer and the Guarantor reserves the right to vary or terminate the appointment of any Warrant Agent and/or approve any change in the specified office through which any Warrant Agent acts and/or appoint additional or other Warrant Agents, provided that:

- (A) there will at all times be a Principal Warrant Agent; and
- (B) so long as the Warrants are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Warrant Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

Notice of any variation, termination, appointment or change in Warrant Agent will be given to the Warrantholders of the relevant Series of Warrants promptly by the Issuer in accordance with Warrant Condition 11 (Notices).

In acting under the Warrant Agreement, the Agents act solely as agents of the Issuer and the Guarantor, and do not assume any obligation to, or relationship of agency or trust with, any Warrantholders. The Warrant Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Agent.

#### **10.2 Calculation Agent**

In relation to each issue of Warrants, the Calculation Agent acts solely as agent of the Issuer and the Guarantor and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders. All calculations and determinations made in respect of the Warrants by the Calculation Agent under the Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Guarantor and the Warrantholders.

In exercising its discretion under the Conditions, the Calculation Agent shall act in good faith and in a commercially reasonable manner. The exercise of the Calculation Agent's discretion under the Conditions are necessary because certain circumstances or events (e.g. a material modification or disruption to the underlying asset or reference basis to which the Warrants are linked) may occur subsequent to the issuance of the Warrants or the time at which hedging arrangements are made which may materially affect the costs to the Issuer and/or a Hedging Party of maintaining the relevant Warrants or relevant hedging arrangements. Such circumstances or events may not have been reflected in the pricing of the Warrants. In addition, as a result of certain circumstances or events (e.g. price unavailability or material disruption to any reference source) it may no longer be reasonably practicable or otherwise appropriate for certain valuations in respect of the underlying asset or otherwise reference basis to be made in connection with the Warrants, and thus making it necessary for the Calculation Agent to exercise its discretion in such a case.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

#### **10.3 Determinations by the Issuer or the Guarantor**

The Issuer's ability to perform its obligations under the Warrants may be hedged by the Issuer entering into certain hedging arrangements with a Hedging Party. In relation to the discretion of the Issuer in respect of the method of settlement under the Conditions, the exercise of any such discretion is necessary to enable the Issuer to settle the Warrants taking into



## *General Terms and Conditions of the Warrants*

account its hedging arrangements. Certain events (e.g. failure by the Hedging Party to deliver the relevant underlying assets) beyond the control of the Issuer may occur and such events may materially increase the costs of the Issuer to perform its obligations under the Warrants and consequently require modifications or other actions under the Warrants.

In exercising its discretion under the Conditions, the Issuer or the Guarantor, as the case may be, shall act in good faith and in a commercially reasonable manner. The exercise of the Issuer's or the Guarantor's discretion under the Conditions is necessary because certain circumstances or events (e.g. material modification or disruption to the underlying asset or reference basis to which the Warrants are linked) may occur subsequent to the issuance of the Warrants or the time at which hedging arrangements are made which may materially affect the costs to the Issuer and/or a Hedging Party of maintaining the relevant Warrants or relevant hedging arrangements. Such circumstances or events may not have been reflected in the pricing of the Warrants. In addition, as a result of certain circumstances or events (e.g. price unavailability or material disruption to any reference source), it may no longer be reasonably practicable or otherwise appropriate for certain valuations in respect of the underlying asset or otherwise reference basis to be made in connection with the Warrants, and thus making it necessary for the Issuer or the Guarantor to exercise its discretion in such a case.

Any determination made by the Issuer or the Guarantor pursuant to the Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Guarantor and the Warrantholders.

### **11. NOTICES**

All notices regarding the Warrants will be deemed to be validly given if published in one leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Warrants are for the time being listed or by which they have been admitted to listing. For as long as there are Warrants listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, and the rules of the Luxembourg Stock Exchange so require, all notices relating to such Warrants will be published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)). Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner as the Issuer deems appropriate. Any such notice will be deemed to have been given on the date of such notice.

Notice may be given (and so long as the rules of any stock exchange on which the Warrants are listed, or the rules of any other relevant authority by which the Warrants have been admitted to listing, permit) by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (instead of by way of publication or mailing) for communication by them to the holders of the Warrants provided that, in addition, for so long as any Warrants are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in the manner required by the rules of that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the Warrants on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as the case may be.

Notices to be given by any Warrantholder shall be given to the Principal Warrant Agent through Clearstream, Luxembourg or Euroclear, as the case may be, in writing or by facsimile or electronically or in such other manner as the Principal Warrant Agent, Clearstream, Luxembourg, and/or Euroclear, as the case may be, may approve for this purpose.

### **12. SUBSTITUTION**

#### **12.1 Substitution of Issuer**

The Issuer (or any previously substituted company as issuer from time to time) shall, without the consent of the Warrantholders, be entitled at any time to substitute for the Issuer any other company (the "**Substitute Issuer**") as principal obligor in respect of all obligations arising from or in connection with the Warrants provided that (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Warrants represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute Issuer shall have assumed all obligations arising from or in

## ***General Terms and Conditions of the Warrants***

connection with the Warrants and shall have become a party to the Warrant Agreement, with any consequential amendments, as if it had been an original party to it; (iii) the obligations of the Substitute Issuer in respect of the Warrants shall be unconditionally and irrevocably guaranteed by the Guarantor; (iv) each stock exchange or listing authority on which the Warrants are listed shall have confirmed that following the proposed substitution of the Substitute Issuer, the Warrants would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the Warrantheolders in accordance with Warrant Condition 11 (Notices).

### **12.2 Substitution of Guarantor**

The Guarantor (or any previously substituted company as guarantor from time to time) shall, without the consent of the Warrantheolders, be entitled at any time to substitute for the then Guarantor (the "**Current Guarantor**") any other company (the "**Substitute Guarantor**") as guarantor in respect of all obligations of the Issuer in respect of the Warrants provided that (i) the creditworthiness of the Substitute Guarantor at such time is at least equal to the creditworthiness of Santander UK plc (or if different, of the Current Guarantor), as determined in good faith by the Guarantor by reference to, *inter alia*, the long term senior debt ratings (if any) assigned by Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., and/or Moody's Investors Service Ltd. and/or Fitch Ratings Limited, or any successor rating agent or agencies thereto, to the Substitute Guarantor, (ii) the Substitute Guarantor having entered into a guarantee (the "**Substitute Guarantee**") in respect of the Warrants in substantially the same form as the Guarantee and such other documents (if any) as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substitute Guarantor shall undertake in favour of each Warrantheolder to be bound by these Warrant Conditions and the provisions of the Warrant Agreement as fully as if the Substitute Guarantor had been named in these Warrant Conditions, the Documents and the Warrant Agreement as the guarantor in respect of the Warrants in place of Santander UK plc (or if different, of the Current Guarantor); (iii) the Substitute Guarantee and the Documents having been delivered to the Principal Warrant Agent; (iv) each stock exchange or listing authority on which the Warrants are listed shall have confirmed that following the proposed substitution of the Substitute Guarantor, the Warrants would continue to be listed on such stock exchange; and (v) the Guarantor shall have given at least 14 calendar days' prior notice of the date of such substitution to the Warrantheolders in accordance with Warrant Condition 11 (Notices).

### **12.3 Substitution of Branch**

The Issuer shall have the right upon notice to the Warrantheolders in accordance with Warrant Condition 11 (Notices) to change the branch or office through which it is acting for the purpose of the Warrants, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

## **13. MEETINGS OF WARRANTHOLDERS AND MODIFICATIONS**

The Warrant Agreement contains provisions for convening meetings of the Warrantheolders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Warrant Agreement) of a modification of the Warrants or any of the provisions of the Warrant Agreement or the Guarantee. Such a meeting may be convened by the Issuer or the Guarantor at any time and shall be convened by the Issuer at the request of Warrantheolders holding not less than five per cent. (5%) (by number) of the Warrants for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in the aggregate not less than fifty per cent. (50%) (by number) of the Warrants for the time being remaining unexercised, or at any adjourned such meeting one or more persons being or representing Warrantheolders whatever the number of the Warrants so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Warrants, the quorum shall be one or more persons holding or representing in the aggregate not less than two-thirds, or at any adjourned such meeting one or more persons holding or representing in the aggregate not less than one-third (by number) of the Warrants for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Warrantheolders shall be binding on all the Warrantheolders, whether or not they are present at the meeting.

The Principal Warrant Agent and the Issuer may agree, without the consent or sanction of the Warrantheolders to:

- (A) any modification of (except as mentioned above) the provisions of the Warrants or the Warrant Agreement which is not prejudicial to the interests of the Warrantheolders; or

## *General Terms and Conditions of the Warrants*

- (B) any modification of any of the provisions of these Conditions, the Warrants or the Warrant Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or is to comply with mandatory provisions of applicable law.

Any such modification shall be binding on the Warrantholders and any such modification shall be notified to the Warrantholders in accordance with Warrant Condition 11 (Notices) as soon as practicable thereafter.

### **14. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Warrantholders to create and issue further Warrants having terms and conditions the same as the Warrants or the same in all respects save for the issue price and date of issue thereof and so as to be consolidated and form a single Series with the outstanding Warrants.

### **15. REDENOMINATION**

If redenomination is specified as applicable in the applicable Pricing Supplement, the Issuer may, without the consent of the Warrantholders, on giving prior notice to the Principal Warrant Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Warrantholders in accordance with Warrant Condition 11 (Notices):

- (A) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Warrants shall be redenominated in euro;

The election will have effect as follows:

- (a) where the Specified Currency of the Warrants is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Specified Currency shall be deemed to be an amount of euro converted from the original Specified Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide, after consultation with the Calculation Agent, and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Warrants will be made solely in euro as though references in the Warrants to the Specified Currency were to euro;
- (b) where the Exchange Rate and/or any other terms of these Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted from or, as the case may be into, euro at the Established Rate; and
- (c) such other changes shall be made to the Conditions (including the Exchange Rate) as the Issuer may decide, after consultation with the Calculation Agent to conform them to conventions then applicable to instruments expressed in euro; and/or
- (B) require that the Calculation Agent make such adjustments to the weighting and/or the Settlement Price and/or the Exercise Price and/or any other terms of the Conditions and/or the Pricing Supplement as the Calculation Agent, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the weighting and/or the Settlement Price and/or the Exercise Price and/or such other terms of the Conditions.

Notwithstanding the foregoing, none of the Issuer, the Guarantor, if any, the Calculation Agent and the Warrant Agents shall be liable to any Warrantholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith;

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

## *General Terms and Conditions of the Warrants*

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Warrantholders pursuant to this Warrant Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**Established Rate**" means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140(3) of the Treaty;

"**euro**" means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**National Currency Unit**" means the unit of the currency of a country, as those units are defined on the day before the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union; and

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended.

### **16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Warrants by virtue of the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any reason which exists or is available apart from that Act.

### **17. SEVERABILITY**

Should any of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

### **18. GOVERNING LAW AND JURISDICTION**

#### **18.1 Governing Law**

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

#### **18.2 Jurisdiction**

The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Guarantee and/or the Warrants, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non contractual obligations arising out of or in connection with the Guarantee and/or Warrants (a "**Dispute**") and each of the Issuer and the Guarantor submits and each Warrantholder (by its acquisition of a Warrant) is deemed to submit to the exclusive jurisdiction of the English courts.

For the purposes of this Warrant Condition 18.2, each of the Issuer and the Guarantor waives and each Warrantholder (by its acquisition of a Warrant) is deemed to waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute.

## *Currency Annex*

### CURRENCY ANNEX

#### ADDITIONAL TERMS AND CONDITIONS FOR CURRENCY LINKED SECURITIES

*The terms and conditions applicable to Currency Linked Securities shall comprise (a) the General Terms and Conditions of the N&C Securities (the "N&C Security Conditions") and the additional Terms and Conditions set out below (the "Currency Linked Conditions") or, as the case may be, (b) the General Terms and Conditions of the Warrants (the "Warrant Conditions") and the Currency Linked Conditions, in each case, together with any Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Pricing Supplement (together with (i) in the case of N&C Securities, the N&C Security Conditions and the Currency Linked Conditions or (ii) in the case of Warrants, the Warrant Conditions and the Currency Linked Conditions, as the case may be, the "Conditions") and, in each case subject to completion and/or amendment in the applicable Pricing Supplement. In the event of any inconsistency between the N&C Security Conditions or the Warrant Conditions (as the case may be) and the Currency Linked Conditions, the Currency Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions or the Warrant Conditions (as the case may be) and/or the Currency Linked Conditions and (ii) the Pricing Supplement, the Pricing Supplement shall prevail. References in the Currency Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "Warrant" and "Warrants" as the context admits and references to "Securityholders" shall be deemed to be references to "N&C Securityholder" or "Warrantholder" as the context admits.*

*The terms and conditions applicable to Securities for which "Currency Adjustment Only" is specified as "Applicable" in the applicable Pricing Supplement, shall comprise the N&C Security Conditions or Warrant Conditions, as applicable, additional Currency Linked Condition 3 below and the Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Pricing Supplement (together with the N&C Security Conditions or Warrant Conditions, as applicable, and Currency Linked Condition 3, the "Conditions"), in each case subject to completion and/or amendment in the applicable Pricing Supplement. In the event of any inconsistency between the N&C Security Conditions or Warrant Conditions, as applicable, and Currency Linked Condition 3 below, Currency Linked Condition 3 below shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions or Warrant Conditions, as applicable, and/or Currency Linked Condition 3 and (ii) the Pricing Supplement, the Pricing Supplement shall prevail.*

*References below to a numbered N&C Security Condition or Warrant Condition, as the case may be, are to such numbered section of the N&C Security Conditions or Warrant Conditions, as applicable, and references to a numbered Currency Linked Condition are to such numbered section as set out in this Currency Annex. Defined terms used in this Currency Annex or the related section of the Pricing Supplement where the same term may be used in another Annex (e.g. Valuation Date or Averaging Date) shall have the meanings given in this Currency Annex or in the section of the Pricing Supplement relating to Currency Linked Securities notwithstanding the same terms being used in another Annex or section of the Pricing Supplement.*

#### **1. CURRENCY LINKED SECURITIES**

Currency Linked Condition 1(a) and (b) below will only apply to N&C Securities.

##### **(a) Currency Linked Interest N&C Securities**

Unless previously redeemed or purchased and cancelled in accordance with the N&C Security Conditions or as specified in the applicable Pricing Supplement and subject to this Currency Annex, each Currency Linked Interest N&C Security will bear interest in the manner specified in, or determined as specified in the applicable Pricing Supplement and the N&C Security Conditions.

##### **(b) Currency Linked Redemption N&C Securities**

Unless previously redeemed or purchased and cancelled in accordance with the N&C Security Conditions or as specified in the applicable Pricing Supplement and subject to this Currency Annex, each N&C Security will be redeemed by the Issuer at the Final Redemption Amount specified in, or determined in the manner specified in the applicable Pricing Supplement on the Maturity Date.

## *Currency Annex*

### 2. EXTENSION OF TERMINATION DATE OF SECURITIES

#### (a) Maturity Date Extension for N&C Securities

If Maturity Date Extension is specified as applying in the applicable Pricing Supplement then, in relation to the Maturity Date, part (b) of the definition of Specified Maximum Days of Disruption or Specified NDF Maximum Days of Disruption (as applicable) will not apply and if the last occurring Valuation Date or last occurring Averaging Date has not occurred on or prior to the second (2nd) FX Business Day preceding the scheduled Maturity Date, the Maturity Date shall be postponed and shall occur on the third (3rd) FX Business Day following (i) the last occurring Valuation Date or (ii) the last occurring Averaging Date as applicable.

#### (b) Settlement Date Extension for Warrants

If Settlement Date Extension is specified as applying in the applicable Pricing Supplement then, in relation to the Settlement Date, part (b) of the definition of Specified Maximum Days of Disruption or Specified NDF Maximum Days of Disruption (as applicable), will not apply and if the last occurring Valuation Date or last occurring Averaging Date has not occurred on or prior to the second (2nd) FX Business Day preceding the scheduled Settlement Date, the Settlement Date shall be postponed and shall occur on the third (3rd) FX Business Day following (i) the last occurring Valuation Date or (ii) the last occurring Averaging Date as applicable.

### 3. CURRENCY ADJUSTMENT

If Currency Adjustment Only is specified as Applicable in the applicable Pricing Supplement, in the event that the currency in which a Reference Item is denominated, quoted or traded or with which it is most closely associated as determined by the Calculation Agent (the "**Reference Item Currency**") is not the same as the Specified Currency or the Settlement Currency, as applicable, of the Securities, then following any Currency Event the Issuer may take the action described in (a) and/or (b) below as it deems appropriate:

- (a) require the Calculation Agent to determine an exchange rate (or alternative method for determining the exchange rate) for conversion of that Reference Item Currency into the Specified Currency or Settlement Currency, as applicable, taking into consideration all available information that, acting in good faith and in a commercially reasonable manner, it deems relevant and/or make such other adjustments to the Conditions as it determines appropriate to account for the Currency Event; and/or
- (b) postpone the date of any relevant valuation, observation and/or payment in respect of the Securities for so long as, in the opinion of the Calculation Agent, any Currency Event continues to occur or exist.

For these purposes:

"**Currency Event**" means:

- (a) the occurrence of any event that:
  - (i) generally prevents or delays the Issuer or any of its Affiliates directly or indirectly from converting any Reference Item Currency into the Specified Currency or the Settlement Currency, as applicable, (i) through customary legal channels or (ii) at a rate that is at least as favourable as the rate for domestic institutions located in any Relevant Jurisdiction (as defined below);
  - (ii) generally prevents or delays the Issuer or any of its Affiliates directly or indirectly from delivering the Specified Currency or the Settlement Currency, as applicable, and/or the Reference Item Currency from accounts inside the Relevant Jurisdiction to accounts outside such Relevant Jurisdiction; or
  - (iii) renders the Issuer or any of its Affiliates unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the currency or foreign exchange risk incurred by the Issuer or any of its

## *Currency Annex*

Affiliates in respect of any Reference Item Currency for purposes of hedging the Securities or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s); or

- (b) the government or other relevant authority or entity with jurisdiction in a Relevant Jurisdiction gives public notice of its intention to impose any capital controls which the Calculation Agent determines are likely (i) to have a material effect on the ability of any of the Issuer or any of its Affiliates to hedge foreign exchange risk in respect of the Securities and a Reference Item Currency or unwind any such hedging transaction or (ii) to reduce the value of any such hedging transaction; and

**"Reference Items"** means any equity security, index, fund, reference entity and/or obligation, inflation index, commodity, commodity index, property index or other relevant asset or reference basis to which the Securities are linked (in whole or in part).

In the event that a Reference Item Currency in respect of a Reference Item ceases to be the currency most closely associated with such Reference Item (in the determination of the Calculation Agent), the Issuer may determine the appropriate adjustment(s), if any, to be made to any one or more of the Conditions to account for such circumstance and determine the effective date of such adjustment(s). Details of any such adjustment(s) shall be notified to Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, provided that any failure by the Issuer to provide such notice shall not affect the validity of any such adjustment(s).

As used in this Currency Linked Condition 3, **"Relevant Jurisdiction"** means any jurisdiction in which a Reference Item Currency is the lawful currency or with which it otherwise has a relevant connection selected by the Calculation Agent from time to time.

#### **4. DISRUPTED DAY**

If, in the determination of the Calculation Agent, as of any Valuation Date or Averaging Date a Disrupted Day occurs in respect of any Specified Rate, the relevant Specified Rate in relation to such Valuation Date or Averaging Date shall be determined as provided in the definition of Valuation Date or Averaging Date, as applicable.

#### **5. ADDITIONAL DISRUPTION EVENTS AND CURRENCY DISRUPTION EVENTS**

If, in the determination of the Calculation Agent, on or prior to any Valuation Date or Averaging Date an Additional Disruption Event or Currency Disruption Event occurs, the Calculation Agent may:

- (a) determine in good faith and in a commercially reasonable manner the appropriate adjustment, if any, to be made to any provision of the Conditions and/or the applicable Pricing Supplement including, without limitation any amount payable by the Issuer (including amounts payable in relation of N&C Securities pursuant to Currency Linked Conditions 1(a) and (b), as applicable), and/or any other terms of the Conditions and/or the applicable Pricing Supplement to account for such Additional Disruption Event or Currency Disruption Event, and determine the effective date of that adjustment; or
- (b) give notice to Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrants Condition 11 (Notices), as the case may be, and redeem all, but not some only, of the Securities, at the Early Redemption Amount or Early Cancellation Amount, as applicable, and payment will be made in such manner as shall be notified to Securityholders; or
- (c) give notice to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrants Condition 11 (Notices), as the case may be, and designate the Securities as **"Suspended Securities"**, giving notice of the effective date thereof (the **"Suspension Date"**). The Issuer shall have no obligation to make any payment or perform any other obligation in respect of the Securities while the Securities are Suspended Securities and, subject as provided below, any such payment or other performance shall be postponed to no later than the tenth (10th) Business Day following the Cessation Date (as defined below). No payment or compensation shall be due to Securityholders as a result of any such delay (including, in the case of N&C Securities, any additional interest). In the case of Warrants, no Exercise Notice shall be delivered and no

## *Currency Annex*

Automatic Exercise may occur during the period from and including the Suspension Date to and including the Cessation Date (the "**Suspension Period**"). Any Exercise Notice delivered during the Suspension Period shall be void. The Securities shall remain Suspended Securities until the relevant Additional Disruption Event or Currency Disruption Event ceases to exist and the Issuer notifies the cessation of such Additional Disruption Event or Currency Disruption Event to Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrants Condition 11 (Notices), as the case may be, (the effective date of such notification the "**Cessation Date**") provided that if in the determination of the Calculation Agent the relevant Additional Disruption Event or Currency Disruption Event continues to exist on the second (2nd) anniversary of the Suspension Date (the "**Suspension Cut-Off Date**"), the Suspended Securities shall expire worthless and shall be cancelled by the Issuer in which case all obligations of the Issuer to the Securityholders in respect of the Securities shall be deemed discharged and the Securityholders shall have no further recourse to the Issuer in respect of the Securities.

Without prejudice to the foregoing, following any Cessation Date the Issuer may require the Calculation Agent to determine in good faith and in a commercially reasonable manner, any adjustment to any amount payable pursuant to the terms of these Currency Linked Conditions (including, in the case of N&C Securities, any amount payable pursuant to Currency Linked Conditions 1(a) and 1(b)) and/or the applicable Pricing Supplement as necessary or appropriate in order to determine any such amounts or other obligations due or to be performed in respect of the Securities, taking into account, without limitation, the occurrence of the relevant Additional Disruption Event or Currency Disruption Event and the effect of any delay pursuant to this paragraph.

In the case of Physical Delivery N&C Securities, if delivery of any assets is made later than the originally scheduled due date for delivery as a result of the occurrence of an Additional Disruption Event or Currency Disruption Event, until delivery is made to the Securityholders, none of the Issuer, the Guarantor, the Calculation Agent, any Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to the Securityholders or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in respect of such assets, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets or (iii) be under any liability to the Securityholders or any subsequent transferee in respect of any loss or damage which the Securityholders or subsequent transferees may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such assets until the date of delivery.

## 6. DEFINITIONS

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Force Majeure Event, Special Taxation Event, FX Price Source Correction and/or any other Additional Disruption Event specified in the applicable Pricing Supplement.

"**Averaging Date**" means, in relation to any Specified Rate, each date specified as such in relation to such Specified Rate in the applicable Pricing Supplement, or, if any such date is not an FX Business Day, the relevant Averaging Date shall (i) in the case of a Specified Rate which is determined by reference to an NDF Currency, be the immediately preceding FX Business Day, *provided however*, that, in the event of the originally scheduled Averaging Date being an Unscheduled Holiday, the Averaging Date shall be the immediately succeeding FX Business Day and (ii) in the case of a Specified Rate which is not determined by reference to an NDF Currency, be the immediately succeeding FX Business Day unless, in each case, in the opinion of the Calculation Agent, such relevant Averaging Date is a Disrupted Day in relation to any Specified Rate. If such relevant Averaging Date is a Disrupted Day, then in relation to each Specified Rate not affected by such Disrupted Day the Averaging Date shall be the Scheduled Averaging Date and in relation to each Specified Rate affected by such Disrupted Day:

- (a) if "**Omission**" is specified as applying in the applicable Pricing Supplement, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Specified Rate provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "**Valuation Date**" will apply for purposes of determining the relevant Specified Rate on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or



## *Currency Annex*

- (b) if "**Postponement**" is specified as applying in the applicable Pricing Supplement, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant Specified Rate on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "**Modified Postponement**" is specified as applying in the applicable Pricing Supplement in the case of a Specified Rate then the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for (i) a number of consecutive FX Business Days equal to the Specified Maximum Days of Disruption (in the case of a Specified Rate not determined by reference to an NDF Currency) or (ii) a number of consecutive calendar days equal to the Specified NDF Maximum Days of Disruption (in the case of a Specified Rate determined by reference to an NDF Currency) immediately following the Scheduled Averaging Date, then the first FX Business Day immediately following that last consecutive FX Business Day or calendar day, as applicable, shall be deemed to be the Averaging Date (irrespective of whether that FX Business Day is already an Averaging Date) and the Calculation Agent shall determine the relevant rate for that Averaging Date in accordance with the definition of "Calculation Agent Determination" below on such day as though such day was a Valuation Date; or
- (d) if a Disruption Fallback (other than Valuation Postponement) is specified in the applicable Pricing Supplement in the case of the Specified Rate, then the Averaging Date will be the Scheduled Averaging Date and the Calculation Agent will determine the Specified Rate in accordance with the provisions of "Disruption Fallback" as though such date was a Valuation Date.

For the purposes of these Currency Linked Conditions, "**Valid Date**" means an any FX Business Day (in the case of a Specified Rate not determined by reference to an NDF Currency) or any calendar day (in the case of a Specified Rate determined by reference to an NDF Currency) which in each case is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Base Currency**" shall mean each currency specified as such in the applicable Pricing Supplement.

"**Bloomberg Screen**" shall mean, when used in connection with any designated page, specified in the applicable Pricing Supplement, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"**Calculation Agent Determination**" means, in respect of the Specified Rate and any Valuation Date or Averaging Date, that the Specified Rate for such Valuation Date or Averaging Date (or a method for determining the Specified Rate) will be determined by the Calculation Agent taking into consideration all available information that, acting in good faith and in a commercially reasonable manner, it deems relevant.

"**Change in Law**" means that, on or after the Trade Date (as specified in the applicable Pricing Supplement) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or interpretation of any rule, law, regulation or statute by any court, tribunal or regulatory authority with competent jurisdiction) or the issuance of any order or decree, or any action taken by a taxing authority, the Issuer determines in its sole and absolute discretion that it has become illegal or not reasonably practicable for any Hedging Party to hold, acquire or dispose of relevant hedge positions relating to any Reference Currency, the Base Currency or other relevant currency(ies) in relation to the Securities.

"**Currency Disruption Event**" means any of:

- (a) "**General Inconvertibility**", being the occurrence of any event that, from a legal or practical perspective, generally makes it impossible or not reasonably practicable to (i) convert the Local Currency into the Base Currency or (ii) to convert the relevant Reference Currency for the purpose of determining the Specified Rate, in any relevant jurisdiction through customary legal channels;

## *Currency Annex*

- (b) "**Specific Inconvertibility**", being the occurrence of any event that, from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to convert the whole, or part thereof, (i) of any relevant amount in the Local Currency into the Base Currency or (ii) of any relevant Reference Currency for the purpose of determining the Specified Rate, in any relevant jurisdiction, (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of either (i) the Local Currency into the Base Currency or (ii) any relevant Reference Currency for the purpose of determining the Specified Rate) other than where such impossibility or impracticality is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);
- (c) "**General Non-Transferability**", being the occurrence of any event that generally makes it impossible or not reasonably practicable to deliver (a) the Base Currency from accounts inside any relevant jurisdiction to accounts outside such relevant jurisdiction or (b) the Local Currency between accounts inside the relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction;
- (d) "**Specific Non-Transferability**", being the occurrence of any event that, from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to deliver (a) the Local Currency from accounts inside any relevant jurisdiction to accounts outside such relevant jurisdiction or (b) the Local Currency between accounts inside any relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of the Local Currency into the Specified Currency), other than where such impossibility or impracticality is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);
- (e) "**Nationalisation**", being any expropriation, confiscation, requisition, nationalisation or other action is taken by a Governmental Authority which deprives any Hedging Party of all or substantially all of its assets in any relevant jurisdiction; and/or
- (f) "**Dual Exchange Rate**", being the occurrence of an event that splits any rate referred to in the definition of any applicable Specified Rate into dual or multiple currency exchange rates.

"**Currency Reference Dealers**" shall mean at any relevant time up to five dealers in the currency and foreign exchange markets, as selected by the Calculation Agent at such time, in good faith and in a commercially reasonable manner.

"**Currency Reference Dealer Quotation**" shall mean, in relation to any FX Business Day and a relevant Specified Rate, a rate determined on the basis of five currency or foreign exchange rate quotations requested by the Calculation Agent at or about the Valuation Time on such FX Business Day from five Currency Reference Dealers expressed on the same basis as such Specified Rate in accordance with the following:

- (a) After disregarding the highest and lowest quotation provided by the Currency Reference Dealers (provided that, if two or more such quotations are the highest such quotations, then only one of such quotations shall be disregarded and if two or more such quotations are the lowest quotations then only one of such lowest quotations shall be disregarded), the applicable Currency Reference Dealer Quotation shall be determined by the Calculation Agent as the arithmetic mean (rounded to the nearest five decimal places, 0.000005 being rounded upwards) of the remaining three such quotations for such rate; or
- (b) If only four such quotations are provided as requested, (after disregarding the highest and lowest such quotations in the manner described above), the applicable Currency Reference Dealer Quotation shall be the arithmetic

## *Currency Annex*

mean of the remaining two quotations for such rate (rounded as described above) as determined by the Calculation Agent; or

- (c) If only three or two quotations are provided as requested, the applicable Currency Reference Dealer Quotation shall be the arithmetic mean of such quotations (rounded as described above) as determined by the Calculation Agent; or
- (d) If only one or no such quotation is provided as requested, no applicable Currency Reference Dealer Quotation shall be determined.

**"Disrupted Day"** means:

- (a) any day on which an FX Market Disruption Event exists or has occurred; or
- (b) any relevant day on which an Unscheduled Holiday occurs.

**"Disruption Fallback"** means, in respect of a Specified Rate, Calculation Agent Determination, Currency Reference Dealer Quotation, Fallback Reference Price, Valuation Postponement and/or such other source(s) or method(s) specified as such or otherwise determined as an alternative basis for determining such Specified Rate as may be provided in the relevant Pricing Supplement. The applicable Disruption Fallback in respect of the Specified Rate shall be as specified in the applicable Pricing Supplement, and if two or more Disruption Fallbacks are specified, unless otherwise provided in the applicable Pricing Supplement, such Disruption Fallbacks shall apply in the order in which they are specified, such that if the Calculation Agent determines that the Specified Rate cannot be determined by applying one Disruption Fallback, then the next Disruption Fallback specified shall apply.

**"Fallback Reference Price"** means, in respect of any Valuation Date or Averaging Date, that the Calculation Agent will determine the Specified Rate in relation to such Valuation Date or Averaging Date expressed on the same basis as the Specified Rate, published by such available recognised financial information source(s) (as selected by the Calculation Agent) other than the applicable FX Price Source and in respect of a time at or around the applicable Valuation Time on such relevant day.

**"Final Valuation Date"** means the date specified as the Final Valuation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be a Valuation Date for the purposes of determining any Maturity Date Extension (in the case of N&C Securities) or Settlement Date Extension (in the case of Warrants) pursuant to Currency Linked Condition 2 and/or the consequences of any such day not being a FX Business Day, a Disrupted Day or an Unscheduled Holiday occurring on any such day in accordance with these Currency Linked Conditions.

**"Force Majeure Event"** means the occurrence, as determined in good faith and in a commercially reasonable manner by the Calculation Agent, of an event resulting in the Calculation Agent being unable to make any determination under the Securities, including being unable to determine any amount, rate, level or other variable necessary to determine any payment due under the Securities as a result of market conditions, including, but not limited to, acts of God, riots, civil commotion, insurrections, wars, actions of foreign or local governmental agencies, breakdowns in telecommunications or other electronic communication, blockades, boycotts, strikes, lockouts, industrial actions of whatever nature, bomb threats or terrorist actions or any other causes beyond its control.

**"FX Business Day"** means 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) or, but for an FX Market Disruption Event, would have settled payments and been open in such manner in each of the Principal Financial Centres specified in the applicable Pricing Supplement.

**"FX Market Disruption Event"** means any FX Price Source Disruption and/or FX Trading Suspension or Limitation and/or any other event specified as such in the applicable Pricing Supplement.

## *Currency Annex*

**"FX Price Source"** shall mean the information source(s) specified as such for the relevant Specified Rate in the applicable Pricing Supplement.

**"FX Price Source Correction"** means (a) a relevant Specified Rate published on the FX Price Source which is used or will be used by the Calculation Agent to make any determination under the Securities is subsequently corrected and published by the FX Price Source (whether or not such correction is to reflect information published or announced by any governmental authority in a relevant country) and (b) such corrected Specified Rate is material to the hedging arrangements of the Issuer or any of its Affiliates in respect to the Securities and such Specified Rate. For the avoidance of doubt (i) any adjustment to the Conditions to reflect the FX Price Source Correction may but is not required to involve the Calculation Agent electing to use the corrected Specified Rate for the relevant determination under the Securities and (ii) an FX Price Source Correction may apply on more than one occasion in relation to the same Specified Rate if more than one correction occurs.

**"FX Price Source Disruption"** means it becomes impossible or not reasonably practicable to obtain or determine a relevant Specified Rate by reference to a relevant FX Price Source.

**"FX Trading Suspension or Limitation"** means the suspension of and/or limitation of trading in any relevant market for the determination of a Specified Rate (which may be, without limitation, any over-the-counter or quotation-based market, whether regulated or unregulated) if, in any such case, such suspension or limitation is, in the determination of the Calculation Agent, material.

**"Governmental Authority"** means (i) any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in each case in any relevant jurisdiction.

**"Hedging Disruption"** means that any Hedging Party 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 price risk, including but not limited to the currency risk, of the Issuer issuing and performing its obligations with respect to the Securities, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

**"Hedging Party"** means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Issuer's obligations in respect of the Securities from time to time.

**"Increased Cost of Hedging"** means that any Hedging Party 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 market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Securities, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Initial Valuation Date"** means the date specified as an Initial Valuation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be a Valuation Date for the purposes of determining any Maturity Date Extension (in the case of N&C Securities) or Settlement Date Extension (in the case of Warrants) pursuant to Currency Linked Condition 2 and/or the consequences of any such day not being a FX Business Day, a Disrupted Day or an Unscheduled Holiday occurring on any such day in accordance with these Currency Linked Conditions.

**"Local Currency"** means, in relation to General Inconvertibility, Specific Inconvertibility, General Non-Transferability, Specific Non-Transferability or Special Taxation Event, the currency specified as such in relation to such event in the applicable Pricing Supplement and any successor currency as determined by the Calculation Agent.

**"NDF Currency"** shall mean each relevant currency specified as such in the applicable Pricing Supplement.

## *Currency Annex*

**"Observation Period"** means the period specified as the Observation Period in the applicable Pricing Supplement.

**"Principal Financial Centre"** means the relevant financial centre(s) specified as such in the applicable Pricing Supplement.

**"Reference Currency"** shall mean each relevant currency specified as such in the applicable Pricing Supplement.

**"Reuters Screen"** shall mean, when used in connection with any designated page, specified in the applicable Pricing Supplement, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

**"Scheduled Averaging Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day (but taking into account for these purposes any Unscheduled Holiday adjustment pursuant to the initial section (i) of the definition of Averaging Date), would have been an Averaging Date.

**"Scheduled Observation Date"** means the date specified as a Scheduled Observation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be a Valuation Date for the purposes of determining any Maturity Date Extension (in the case of N&C Securities) or Settlement Date Extension (in the case of Warrants) pursuant to Currency Linked Condition 2 and/or the consequences of any such day not being a FX Business Day being a Disrupted Day or an Unscheduled Holiday occurring on any such day in accordance with these Currency Linked Conditions.

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day (but taking into account for these purposes any Unscheduled Holiday adjustment pursuant to the initial section (i) of the definition of Valuation Date), would have been a Valuation Date.

**"Screen Page"** means the page specified in the applicable Pricing Supplement, or any successor page or service thereto.

**"Special Taxation Event"** means the occurrence, as determined in good faith and in a commercially reasonable manner by the Calculation Agent, of one or more of the following:

- (a) (i) the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) by any Governmental Authority, (ii) the issuance of any order or decree by any Governmental Authority, (iii) any action being taken by a taxing authority in a relevant jurisdiction, or (iv) the occurrence of any other act or event at any time relating to withholding or deduction for or on account of tax in relation to any Reference Currency specified in the applicable Pricing Supplement, which (in the case of (i), (ii), (iii) or (iv) above) will (or there is a substantial likelihood that it will) adversely affect the economic value of the Securities;
- (b) the imposition of taxes on the transfer of any Local Currency or Reference Currency or any other currency out of any relevant jurisdiction; or
- (c) the imposition of any taxes on any conversion of any Local Currency into another currency.

**"Specified Maximum Days of Disruption"** means (a) either (i) eight (8) FX Business Days or (ii) such other number of FX Business Days specified as such in the applicable Pricing Supplement or (b) if shorter, such number of FX Business Days in the period from (but excluding) the Scheduled Valuation Date or Scheduled Averaging Date, as applicable, to (but excluding) the second (2nd) FX Business Day prior to any due date for any payment under the Securities for which valuation on the relevant Valuation Date or Averaging Date is relevant, all as determined by the Calculation Agent.

**"Specified NDF Maximum Days of Disruption"** means (a) the maximum number of calendar days of postponement of the Scheduled Valuation Date or Scheduled Averaging Date, as applicable specified as such in the applicable Pricing Supplement or (b), if shorter, such number of calendar days from (but excluding) the Scheduled Valuation Date or

## *Currency Annex*

Scheduled Averaging Date, as applicable, to (but excluding) the second (2nd) FX Business Day prior to any due date for any payment under the Securities for which valuation on the relevant Valuation Date or Averaging Date is relevant, all as determined by the Calculation Agent.

**"Specified Rate"** means, in relation to any Valuation Date or Averaging Date, each relevant currency or foreign exchange rate in relation to such Valuation Date or Averaging Date, as specified in the applicable Pricing Supplement.

**"Unscheduled Holiday"** shall have the meaning specified in the applicable Pricing Supplement;

**"Valuation Date"** means, in relation to any Specified Rate, each date specified as such in relation to such Specified Rate in the applicable Pricing Supplement, or, if any such Valuation Date is not an FX Business Day, the relevant Valuation Date shall (i) in the case of a Specified Rate which is determined by reference to an NDF Currency, be the immediately preceding FX Business Day, *provided however*, that, in the event of the originally scheduled Valuation Date being an Unscheduled Holiday, the Valuation Date shall be the immediately succeeding FX Business Day and (ii) in the case of a Specified Rate which is not determined by reference to an NDF Currency, be the immediately succeeding FX Business Day unless, in each case, in the opinion of the Calculation Agent, such relevant Valuation Date is a Disrupted Day in relation to any Specified Rate. If such relevant Valuation Date is a Disrupted Day, then in relation to each Specified Rate not affected by such Disrupted Day the Valuation Date shall be the Scheduled Valuation Date and in relation to each Specified Rate affected by such Disrupted Day:

- (a) in the case of a Specified Rate which is not determined by reference to an NDF Currency, the relevant Valuation Date shall be (i) where any of Calculation Agent Determination, Currency Reference Dealer Quotation or Fallback Reference Price is the applicable Disruption Fallback, the Scheduled Valuation Date or (ii) where Valuation Postponement is the applicable Disruption Fallback, the Valuation Date determined in accordance with such provision and in each case the Calculation Agent will determine the Specified Rate in accordance with the provisions of "Disruption Fallback"; or
- (b) in the case of a Specified Rate which is determined by reference to an NDF Currency, the relevant Valuation Date shall be the first succeeding calendar day that is not a Disrupted Day, unless each of the number of consecutive calendar days equal to the Specified NDF Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case:
  - (i) the FX Business Day immediately following such last consecutive calendar day shall be deemed to be the relevant Valuation Date, notwithstanding the fact that such day may be a Disrupted Day; and
  - (ii) the Calculation Agent shall determine the relevant Specified Rate as of the Valuation Time on such day (x) as the Specified Rate determined on the basis of the Second Fallback FX Price Source, if any, specified in the applicable Pricing Supplement or, if no such Second Fallback FX Price Source is specified or if it is specified but is unavailable or otherwise not reasonably practicable to use, (y) as its good faith and commercially reasonable estimate of the Specified Rate which would have prevailed at such time but for the provisions of this sub-paragraph (b)(ii) applying by reference to such source(s) as it may determine appropriate and taking into account any FX Market Disruption Event at such time.

**"Valuation Postponement"** means, in respect of any Valuation Date, that the Calculation Agent will determine the Specified Rate on first succeeding FX Business Day that is not a Disrupted Day, unless each of the number of consecutive FX Business Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case:

- (i) the last such consecutive FX Business Day shall be deemed to be the relevant Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (ii) the Calculation Agent shall determine the relevant Specified Rate on such day in accordance with the next applicable Disruption Fallback or if no such Disruption Fallback is specified in the applicable Pricing Supplement, Calculation Agent Determination.

### *Currency Annex*

"**Valuation Time**" shall mean, in relation to a Specified Rate the relevant time specified for such Specified Rate in the applicable Pricing Supplement.

## *Equity Annex*

### EQUITY ANNEX

#### ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED SECURITIES

*The terms and conditions applicable to Equity Linked Securities shall comprise (a) the General Terms and Conditions of the N&C Securities (the "N&C Security Conditions") and the additional Terms and Conditions set out below (the "Equity Linked Conditions") or, as the case may be, (b) the General Terms and Conditions of the Warrants (the "Warrant Conditions") and the Equity Linked Conditions, in each case, together with any Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Pricing Supplement (together with (i) in the case of N&C Securities, the N&C Security Conditions and the Equity Linked Conditions or (ii) in the case of Warrants, the Warrant Conditions and the Equity Linked Conditions, as the case may be, the "Conditions") and, in each case subject to completion and/or amendment in the applicable Pricing Supplement. In the event of any inconsistency between the N&C Security Conditions or the Warrants Conditions, as the case may be, and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions or the Warrants Conditions, as the case may be, and/or the Equity Linked Conditions and (ii) the Pricing Supplement, the Pricing Supplement shall prevail. References in the Equity Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "Warrant" and "Warrants" as the context admits and references to "Securityholder" shall be deemed to be references to "N&C Securityholder" or "Warrantholder" as the context admits.*

*References below to a numbered N&C Security Condition or Warrant Condition, as the case may be, are to such numbered section of the N&C Security Conditions or Warrant Conditions, as applicable, and references to a numbered Equity Linked Condition are to such numbered section as set out in this Equity Annex. Defined terms used in this Equity Annex or the related section of the Pricing Supplement where the same term may be used in another Annex (e.g. Valuation Date) shall have the meanings given in this Equity Annex or in the section of the Pricing Supplement relating to Equity Linked Securities notwithstanding the same terms being used in another Annex or section of the Pricing Supplement.*

#### 1. EQUITY LINKED N&C SECURITIES

This Equity Linked Condition 1 will only apply to N&C Securities.

##### (a) Equity Linked Interest N&C Securities

Unless previously redeemed or purchased and cancelled in accordance with the N&C Security Conditions or as specified in the applicable Pricing Supplement and subject to these Equity Linked Conditions, each Equity Linked Interest N&C Security will bear interest, if applicable, in the manner specified in the applicable Pricing Supplement and the Conditions.

##### (b) Equity Linked Redemption N&C Securities

Unless previously redeemed or purchased and cancelled, each N&C Security will be redeemed by the Issuer (A) by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement and the Conditions on the Maturity Date or (B) if Physical Delivery is specified in the applicable Pricing Supplement by delivery of the Asset Amount on the Maturity Date (subject as provided below) or (C) if Cash Settlement and/or Physical Delivery is specified in the applicable Pricing Supplement, by payment of the Final Redemption Amount and/or by delivery of the Asset Amount on the terms set out in the applicable Pricing Supplement and the Conditions, in each case on the Maturity Date (subject as provided below).

#### 2. DEPOSITARY RECEIPTS

##### (a) Application of Depositary Receipt provisions

If "Depositary Receipt provisions" are specified as applicable in the applicable Pricing Supplement, for the purposes of these Equity Linked Conditions in relation to each relevant Depositary Receipt:



### *Equity Annex*

- (i) references to "**Share**" or "**Shares**" shall be deemed to include an ordinary share or ordinary shares or other relevant equity securities, as the case may be, of the Share Company or Basket Company to which the relevant Depositary Receipts specified in the applicable Pricing Supplement relate;
- (ii) references to "**Exchange**" shall, in the context of the ordinary shares or other relevant equity securities of the Share Company or Basket Company, be deemed to be references to the Share Exchange specified in the applicable Pricing Supplement;
- (iii) references to "**Share Company**" or "**Basket Company**" shall, in the context of a Depositary Receipt, be deemed to include references to the issuer or obligor of the Depositary Receipts;
- (iv) with respect to Depositary Receipts only, the following additional event shall constitute a Potential Adjustment Event for the purposes of Equity Linked Condition 4:  
  
"a distribution in respect of the Shares of property other than cash, shares or rights relating to any Shares to the holder(s) of the Shares;" and
- (v) with respect to Depositary Receipts only, the following events shall constitute Additional Disruption Events for the purposes of Equity Linked Condition 7:
  - (A) a Termination; and
  - (B) an Adjustment Event.

(b) **Definitions specific to Depositary Receipts**

"**Adjustment Event**" means (a) the terms and conditions of the Depositary Receipts have been altered or any adjustment or modification has been made pursuant to such terms and conditions (in each case whether by the Share Company or Basket Company or any party having influence over such terms and conditions) or the Depositary Receipts are converted into other securities and/or (b) the aggregate amounts (or currency thereof) to which a holder is entitled under the Depositary Receipts are altered.

"**Depositary Receipt**" means a depositary receipt relating to ordinary shares or other relevant equity securities issued by a Share Company or Basket Company, as specified in the applicable Pricing Supplement, subject to adjustment pursuant to the provisions specified in Equity Linked Conditions 4, 5 and 7.

"**Termination**" means, in relation to an issue of Depositary Receipts, such issue has been terminated, cancelled or otherwise ceased to be outstanding for any reason. This shall include, without limitation, the termination of the deposit agreement in respect of the Shares and/or written instructions being given by the Share Company or Basket Company to the depository of the Shares to withdraw or surrender the Shares.

### **3. MARKET DISRUPTION**

"**Market Disruption Event**" means, in relation to Securities relating to a single Share or a basket of Shares or a basket of assets, in respect of a Share, the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Calculation Agent acting in good faith and in a commercially reasonable manner, determines is material, at any time during the one hour period that for purposes of determining an Opening Price, begins at or, for purposes of determining a Closing Price, Intraday Price or Observation Price ends at the relevant Valuation Time, or (c) an Early Closure.

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or a Valuation Date.

## *Equity Annex*

### 4. POTENTIAL ADJUSTMENT EVENTS

"**Potential Adjustment Event**" means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event or, if Tender Offer is specified as applying in the applicable Pricing Supplement, a Tender Offer) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or certificates or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an Extraordinary Dividend (as defined in Equity Linked Condition 8) as determined by the Calculation Agent;
- (d) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (e) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a Basket Company or Share Company, as the case may be, 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 Basket Company or Share Company, as the case may be, 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, certificates, 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 having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, acting in good faith and in a commercially reasonable manner, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of (a) any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery N&C Securities), (b) any Relevant Asset and/or Entitlement (in each case with respect to Physical Delivery Warrants) and/or (c) any of the other terms of the Conditions and/or the applicable Pricing Supplement as the Calculation Agent acting in good faith and in a commercially reasonable manner determines appropriate to account for that diluting or concentrative 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 Share) and (ii) determine the effective date of that adjustment. In its determinations of the existence and extent of any dilutive or concentrative effect on the theoretical value of the Shares relating to any Potential Adjustment Event, and any related adjustments to the terms of the Securities, the Calculation Agent may take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Potential Adjustment Event. 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 Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as reasonably practicable under the circumstances to (i) the Issuer and the Principal Paying Agent or Principal Warrant Agent,

## *Equity Annex*

as the case may be, and (ii) the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, stating the adjustment to (a) any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery N&C Securities), (b) any Relevant Asset and/or Entitlement (in each case with respect to Physical Delivery Warrants) and/or (c) any of the other terms of the Conditions and/or the applicable Pricing Supplement and giving brief details of the Potential Adjustment Event, *provided that* any failure to give, or non-receipt of, such notice will not affect the validity of the Potential Adjustment Event.

### 5. EXTRAORDINARY EVENTS

#### (a) Definitions applicable to Extraordinary Events

As used herein:

**"Extraordinary Event"** means any of an Additional Extraordinary Event, a De-Listing, an Insolvency, a Merger Event, a Nationalisation, a Tender Offer (provided that a Tender Offer shall only be an Extraordinary Event if specified as applicable in the applicable Pricing Supplement), any other events specified as "Additional Extraordinary Events" in the applicable Pricing Supplement and, in the case of Securities relating to a basket of Shares or assets each of a De-Merger and a Participation Event (whether or not such events are Additional Extraordinary Events), and

**"Additional Extraordinary Event"** means any of a De-Merger, a Participation Event, Illiquidity or any other event but in each case only if specified as applicable in the applicable Pricing Supplement;

**"De-Listing"** means, in respect of any relevant Shares, the relevant Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the applicable Pricing Supplement, a 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 a member state of the European Union);

**"De-Merger"** means, in respect of any relevant Shares, that the Basket Company or Share Company, as the case may be, is affected by a de-merger including, without limitation, a spin off, scission or any operation of a similar nature;

**"Illiquidity"** means, in respect of any relevant Shares, that, in the determination of the Calculation Agent, during any period of five (5) consecutive Scheduled Trading Days falling after the Issue Date (the **"Relevant Period"**), (a) the difference between the bid prices and the ask prices (as quoted on any Relevant Market) in respect of a Share during the Relevant Period is greater than 1% (on average), and/or (b) the average purchase price or the average selling price, determined by the Calculation Agent from the order book of the relevant Share on the relevant Exchange during the Relevant Period, in relation to the purchase or sale of Shares with a value equal to or greater than EUR 10,000.00 (or its equivalent), is greater than MID plus 1% (in relation to a purchase of Shares) or lower than the MID minus 1% (in relation to a sale of Shares). For these purposes, **"MID"** means an amount equal to (a) the sum of the bid price and the ask price (as quoted on any Relevant Market), in each case for the relevant Share at the relevant time, (b) divided by two;

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, 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 Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a

## *Equity Annex*

reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (1) in the case of Cash Settled Securities, the last occurring Valuation Date or Scheduled Observation Date or where Averaging is specified in the applicable Pricing Supplement, the final Averaging Date, (2) in the case of Physical Delivery N&C Securities, the relevant Maturity Date or (3) in the case of Physical Delivery Warrants, the relevant Settlement Date;

**"Nationalisation"** means that all the Shares or all or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

**"Participation Event"** means that a Basket Company takes a stake exceeding 20.00 per cent. of another separate Basket Company comprised within the same basket of Shares or assets;

**"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 Basket Company or Share Company, as the case may be, 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; and

**"Tender Offer Date"** means, in respect of a Tender Offer, the date on which the voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained, as determined by the Calculation Agent.

### (b) **Consequences of an Extraordinary Event**

If any Extraordinary Event occurs in relation to a Share, the Issuer acting in good faith and in a commercially reasonable manner may take the action described in (i), (ii), or (iii) below:

- (i) require the Calculation Agent to determine, acting in good faith and in a commercially reasonable manner, the appropriate adjustment, if any, to be made to any one or more of (A) any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery N&C Securities), (B) any Relevant Asset and/or Entitlement (in each case with respect to Physical Delivery Warrants) and (C) or any of the other terms of the Conditions and/or the applicable Pricing Supplement to account for such Extraordinary Event, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Securities, or selecting a replacement share and making any relevant adjustments in relation thereto. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Extraordinary Event made by any options exchange to options on the Shares traded on that options exchange and the Calculation Agent may take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Extraordinary Event; or
- (ii) where the Securities relate to a basket of Shares or assets, on giving notice to Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, redeem (in the case of N&C Securities) or cancel, as the case may be, each Security in part. If a Security is so redeemed (in the case of N&C Securities) or cancelled in part the portion (the **"Partial Amount"**) of each such Security representing the

## *Equity Annex*

affected Share(s) shall be redeemed (in the case of N&C Securities) or cancelled, as the case may be, and the Issuer will (x) pay to each Securityholder in respect of each Security held by him an amount equal to the fair market value of the Partial Amount, taking into account prevailing market prices and/or exchange prices of the affected Share and/or the relevant Extraordinary Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and (y) require the Calculation Agent to determine, acting in good faith and in a commercially reasonable manner, the appropriate adjustment, if any, to be made to any of the terms of the Conditions and/or the applicable Pricing Supplement to account for such redemption (in the case of N&C Securities) or cancellation in part. For the avoidance of doubt the remaining part of each such Security after redemption (in the case of N&C Securities) or cancellation and adjustment shall remain outstanding with full force and effect (if applicable, as so adjusted). Payments will be made in such manner as shall be notified to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable; or

- (iii) on giving notice to Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, redeem (in the case of N&C Securities) or cancel (in the case of Warrants) all but not some only of the Securities, each Security being redeemed, in the case of N&C Securities, or cancelled, in the case of Warrants, at the Early Redemption Amount, in the case of N&C Securities, or Early Cancellation Amount, in the case of Warrants, which shall be determined by taking into account the relevant Extraordinary Event all as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner. Payments will be made in such manner as shall be notified to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable; or
- (iv) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of (A) any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery N&C Securities), (B) any Relevant Asset and/or Entitlement (in each case with respect to Physical Delivery Warrants) and/or (C) any of the other terms of the Conditions and/or the applicable Pricing Supplement, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of (I) any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery N&C Securities), (II) any Relevant Asset and/or Entitlement (in each case with respect to Physical Delivery Warrants) and/or (III) any of the other terms of the Conditions and/or the applicable Pricing Supplement as the Calculation Agent acting in good faith and in a commercially reasonable manner determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for such Extraordinary Event, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or
- (v) if the applicable Pricing Supplement provides that "Share Substitution" is applicable, then on or after the relevant Merger Date, Tender Offer Date, or such other appropriate date (taking into account the Extraordinary Event) as the Calculation Agent may select, the Calculation Agent may adjust the terms of the Conditions and/or the applicable Pricing Supplement to include a share selected by it in accordance with the criteria for share selection set out below (the "**Substitute Shares**") in place of the Share(s) (the "**Affected Share(s)**") which are affected by the relevant Extraordinary Event and the Substitute Shares will be deemed to be "**Shares**" and the relevant issuer of such shares, a "**Share Company**" or a "**Basket Company**" for the purposes of the Securities, and the Calculation Agent will make such adjustment, if any, to the Relevant Asset, the Asset Amount, in the case of N&C Securities, the Entitlement, in the case of Warrants, any weighting applied to the Substitute Shares, any of the terms of the Conditions and/or the applicable Pricing Supplement as the Calculation Agent acting in good faith and in a commercially reasonable manner determines appropriate and shall determine the effective date (the "**Substitution Date**") for such substitution, provided that in the event that any amount payable under the Securities was to be determined by reference to an initial price or value of the Affected Share (the "**Initial Price**"), and unless the Calculation Agent determines this would be inappropriate or impracticable (in which

## *Equity Annex*

case, the Calculation Agent may select such other methodology as it determines appropriate), the Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula;

$$\text{Initial Price} = A \times (B/C)$$

Where:

"A" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"B" is the Initial Price of the relevant Affected Share; and

"C" is the official closing price of the relevant Affected Share on the relevant Exchange on the Substitution Date.

Such substitution and the relevant adjustment to the basket of Shares or assets will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") acting in good faith and in a commercially reasonable manner and specified in the notice referred to in the final paragraph of this Equity Linked Condition 5 which may, but need not, be the Merger Date or Tender Offer Date or the date of such Extraordinary Event, as applicable.

Unless the Calculation Agent determines this would be inappropriate (in which case, the Calculation Agent may select such other methodology as it determines appropriate), the weighting of each Substitute Share will be equal to the weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must be a share which, as determined in good faith and in a commercially reasonable manner by the Calculation Agent:

1. is not already comprised in the basket of Shares or assets;
2. the relevant issuer in respect of which belongs to a similar economic sector as the Share Company or Basket Company in respect of the Affected Share; and
3. the relevant issuer in respect of which is of comparable market capitalisation and international standing as the Share Company or Basket Company in respect of the Affected Share ignoring for this purpose the occurrence of the relevant Merger Event, Tender Offer or Extraordinary Event.

Upon the occurrence of an Extraordinary Event, the Issuer shall give notice as soon as practicable to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, stating the occurrence of the Extraordinary Event giving details thereof and the action proposed to be taken in relation thereto, *provided that* any failure to give, or non-receipt of, such notice will not affect the validity of the Extraordinary Event or the proposed action.

## **6. CORRECTION OF SHARE PRICE**

With the exception of any corrections published after the day which is three (3) Exchange Business Days prior to the Maturity Date, in the case of N&C Securities, or Settlement Date, in the case of Warrants, if the price of the relevant Share published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities, is subsequently corrected and the correction published by the relevant Exchange within one Settlement Cycle after the original publication, the Calculation Agent may make any adjustments to the Conditions and/or adjust any subsequent payments under the Securities, as it may determine appropriate to take into account such correction(s). The price to be used shall be the price of the relevant Share as so corrected. Corrections published after the day which is three (3) Exchange Business Days prior to a due date for payment under the Securities calculated by reference to the price of a Share, will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

## *Equity Annex*

### 7. ADDITIONAL DISRUPTION EVENTS

"Additional Disruption Event" means:

- (A) if "Elected Events Only" is specified as applicable in the applicable Pricing Supplement, any of Analogous Event, Change in Law, Currency Event, Failure to Deliver, Force Majeure Event, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Jurisdiction Event, Loss of Stock Borrow, Stop-Loss Event, any Specified Additional Disruption Event and/or, if applicable pursuant to Equity Linked Condition 2, a Termination or an Adjustment Event but in each case, only to the extent that such events are specified as Additional Disruption Events in the applicable Pricing Supplement; or
- (B) if "Elected Events Only" is specified not to apply in the applicable Pricing Supplement, any of Analogous Event, Change in Law, Currency Event, Failure to Deliver, Force Majeure Event, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Jurisdiction Event, Loss of Stock Borrow, Stop-Loss Event (but, in the case of a Stop-Loss Event, only if specified as applicable in the applicable Pricing Supplement) and/or any Specified Additional Disruption Event and/or, if applicable pursuant to Equity Linked Condition 2, a Termination or an Adjustment Event.

#### **Consequences of an Additional Disruption Event**

- (a) If an Additional Disruption Event occurs, the Issuer acting in good faith and in a commercially reasonable manner may take the action described in (i), or (ii) below:
  - (i) require the Calculation Agent to determine acting in good faith and in a commercially reasonable manner the appropriate adjustment, if any, to be made to any one or more of (A) any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery N&C Securities), (B) any Relevant Asset and/or Entitlement (in each case with respect to Physical Delivery Warrants) and/or (C) any of the other terms of the Conditions and/or the applicable Pricing Supplement to account for the Additional Disruption Event and determine the effective date of that adjustment. Without limitation, the Calculation Agent may take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Additional Disruption Event; or
  - (ii) redeem or cancel the Securities, as the case may be, by giving notice to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable. If the Securities are so redeemed or cancelled, as the case may be, the Issuer will pay an amount to each Securityholder in respect of each Security held by him which amount shall be the Early Redemption Amount, in the case of N&C Securities, or Early Cancellation Amount, in the case of Warrants, determined by taking into account the Additional Disruption Event. Payments will be made in such manner as shall be notified to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable.
- (b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

### 8. DEFINITIONS RELATING TO DIVIDENDS

The following definitions apply in connection with Equity Linked Securities:

"**Currency Business Day**" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant currency. In respect of any relevant amount in euro, any day on which the TARGET2 System is open.

## *Equity Annex*

**"Dividend Amount"** means, in respect of the relevant Share, the related Dividend Period and the related Dividend Payment Date, the Record Amount, the Ex Amount or the Paid Amount, as specified in the applicable Pricing Supplement or any other amount determined as provided in the applicable Pricing Supplement, or included as part of an adjustment pursuant to Equity Linked Condition 4.

**"Dividend Payment Date"** means, in respect of a Dividend Period, each date specified or otherwise determined as provided in the applicable Pricing Supplement or, if such date is not a Currency Business Day, the next following Currency Business Day. If no such date is specified in the applicable Pricing Supplement the Dividend Payment Date shall be (i) in the case of N&C Securities, the Interest Payment Date relating to the Dividend Period and (ii) in the case of Warrants, the Valuation Date falling closest in time to the last day of the relevant Dividend Period.

**"Dividend Period"** means, the First Period or the Second Period, as specified in the applicable Pricing Supplement, or such other period determined as provided in the applicable Pricing Supplement. If no Dividend Period is specified in the applicable Pricing Supplement, the Dividend Period will be the Second Period.

**"Ex Amount"** means, in relation to a Dividend Amount, 100 per cent. of the gross cash dividend per Share declared by the Share Company or Basket Company to holders of record of a Share where the date that the Shares have commenced trading ex-dividend on the Exchange occurs during the relevant Dividend Period.

**"Excess Dividend Amount"** means, in respect of a Dividend Period, the Extraordinary Dividend Record Amount, the Extraordinary Dividend Ex Amount or the Extraordinary Dividend Paid Amount, as specified in the applicable Pricing Supplement, or any other amount determined as provided in the applicable Pricing Supplement.

**"Extraordinary Dividend"** means an amount per Share specified or otherwise determined as provided in the applicable Pricing Supplement. If no Extraordinary Dividend is specified in or otherwise determined as provided in the applicable Pricing Supplement, the characterisation of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent acting in good faith and in a commercially reasonable manner.

**"Extraordinary Dividend Ex Amount"** means, in relation to an Excess Dividend Amount, 100 per cent. of the Extraordinary Dividend per Share declared by the Share Company or Basket Company to holders of record of a Share where the date that the Shares have commenced trading ex-dividend on the relevant Exchange occurs during the relevant Dividend Period.

**"Extraordinary Dividend Paid Amount"** means, in relation to an Excess Dividend Amount 100 per cent. of the Extraordinary Dividend per Share paid by the Share Company or Basket Company during the relevant Dividend Period to holders of record of a Share.

**"Extraordinary Dividend Record Amount"** means, in relation to an Excess Dividend Amount 100 per cent. of the Extraordinary Dividend per Share declared by the Share Company or Basket Company to holders of record of a Share on any record date occurring during the relevant Dividend Period.

**"First Period"** means each period from, and including, (a) in the case of N&C Securities, one Interest Payment Date or (b) in the case of Warrants, one Valuation Date to, but excluding, (I) in the case of N&C Securities, the next following Interest Payment Date or (II) in the case of Warrants, the next following Valuation Date, except that (i) the initial Dividend Period will commence on, and include, the Clearance System Business Day that is one Settlement Cycle following the Trade Date and (ii) the final Dividend Period will end on, but exclude, (A) in the case of N&C Securities, the final Interest Payment Date or (B) in the case of Warrants, the final Valuation Date.

**"Paid Amount"** means, in relation to a Dividend Amount, 100 per cent. of the gross cash dividend per Share paid by the Share Company or Basket Company during the relevant Dividend Period to holders of record of a Share.

Any **"gross cash dividend"** shall represent a sum before the withholding or deduction of taxes at the source by or on behalf of any applicable authority having power to tax in respect of such a dividend, and shall exclude any imputation or other credits, refunds or deductions granted by any applicable authority having power to tax in respect of such dividend and any taxes, credits, refunds or benefits imposed, withheld, assessed or levied thereon. In addition, "gross cash dividends" shall



## *Equity Annex*

exclude Extraordinary Dividends and Excess Dividend Amounts, if any, unless otherwise provided in the applicable Pricing Supplement.

**"Record Amount"** means, in relation to a Dividend Amount, 100 per cent. of the gross cash dividend per Share declared by the Share Company or Basket Company to holders of record of a Share on any record date occurring during the relevant Dividend Period.

**"Second Period"** means each period from, but excluding, one Valuation Date to, and including, the next Valuation Date, except that (i) the initial Dividend Period will commence on, but exclude, the Trade Date and (ii) the final Dividend Period will end on, and include, (a) the final Valuation Date, (b) in respect of Physical Delivery N&C Securities, the date that is one Settlement Cycle prior to the Maturity Date or (c) in respect of Physical Delivery Warrants, the date that is one Settlement Cycle prior to the Settlement Date.

### 9. NON-EURO QUOTED SHARES

In respect of Securities relating to Shares 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 (as defined in N&C Security Condition 17.2 or Warrant Condition 15(B), as applicable, if such shares are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange or, where no Exchange is specified in the applicable Pricing Supplement, the principal market on which those Shares are traded, then the Calculation Agent may adjust any of the terms of the Conditions and/or the applicable Pricing Supplement as the Calculation Agent determines acting in good faith and in a commercially reasonable manner to be appropriate to preserve the economic terms of the Securities. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the relevant Valuation Time (or such other time as the Calculation Agent determines appropriate) at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of such time. No adjustments under this provision will affect the currency denomination of any payment obligation arising out of the Securities.

### 10. DEFINITIONS

**"Analogous Event"** means any event analogous to any of the Additional Disruption Events: Change in Law, Currency Event, Failure to Deliver, Force Majeure Event, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and Loss of Stock Borrow, in each case if such Additional Disruption Event is specified as applicable in the applicable Pricing Supplement, all as determined by the Calculation Agent;

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

- (a) if **"Omission"** is specified as applying in the applicable Pricing Supplement, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **"Postponement"** is specified as applying in the applicable Pricing Supplement, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **"Modified Postponement"** is specified as applying in the applicable Pricing Supplement then:
  - (i) where the Securities relate to a single share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately

## *Equity Annex*

following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a) of the definition of "Valuation Date" below; or

- (ii) where the Securities relate to a basket of Shares or assets the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Share. If the first succeeding Valid Date in relation to such Share has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b) of the definition of "Valuation Date" below; and
- (iii) for the purposes of these Equity Linked Conditions, "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Basket Company**" means a company whose shares are included in the basket of Shares or assets and "**Basket Companies**" means all such companies;

"**Bloomberg Screen**" shall mean, when used in connection with any designated page, specified in the applicable Pricing Supplement, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"**Change in Law**" means that, on or after the Trade Date (as specified in the applicable Pricing Supplement):

- (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines acting good faith and in a commercially reasonable manner that (i) it has become illegal for any Hedging Party to hold, acquire or dispose of any relevant hedging arrangements relating to a relevant Share and/or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Securities (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, any of its Affiliates or any Hedging Party), or (iii) the performance of the Guarantor under the Guarantee has become unlawful.

"**Clearance System**" means, in respect of a Share, the principal domestic clearance systems customarily used for settling trades in that Share.

"**Clearance System Business Day**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a settlement disruption event, would have been) open for acceptance and execution of settlement instructions.

"**Closing Price**" means, in relation to a Share:

## *Equity Annex*

- (a) if the relevant Exchange is the Tokyo Stock Exchange or the Osaka Securities Exchange, the last traded price of such Share for the day quoted by the Exchange, provided however, that if there is a closing special quote on such Shares quoted by the Exchange (*tokubetsu kehaine*), such quote shall be deemed to be the relevant Closing Price;
- (b) if the relevant Exchange is the Italian Stock Exchange, the *Prezzo di Riferimento*, which means the price as published by the Italian Stock Exchange at the close of trading and having the meaning ascribed thereto in the Rules of the Markets organised and managed by the Italian Stock Exchange, as such Rules may be amended by the Borsa Italiana S.p.a. from time to time; or
- (c) in any other case, the official closing price of such Share on the relevant Exchange.

**"Currency Event"** means that, on or after the Trade Date, it has become impracticable, illegal or impossible (a) for the Issuer or any of its Affiliates or Hedging Party to convert the relevant currency ("**Local Currency**") in which the Shares or any options or futures contracts or other hedging arrangement in relation to the Shares are denominated, into the currency required for settlement of the Securities ("**Settlement Currency**"), or exchange or repatriate any funds in the Local Currency or the Settlement Currency outside of the country in which the Shares or any options or futures contracts in relation to the Shares are traded due to the adoption of, or any change in, any applicable law, rule, regulation, judgment, order, directive or decree of any Government Authority or otherwise, or (b) for the Calculation Agent to determine a rate or (in the determination of the Calculation Agent) a commercially reasonable rate at which the Local Currency can be exchanged for the Settlement Currency for payment under the Securities, all as determined by the Calculation Agent.

**"Disrupted Day"** means any Scheduled Trading Day on which:

- (a) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session;
- (b) a Market Disruption Event has occurred; or
- (c) where both Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Pricing Supplement for Equity Linked Securities and Equity Index/ETF Linked Securities, a Disrupted Day occurs under and as defined in the Equity Index/ETF Linked Conditions.

**"Early Closure"** means the closure on any Exchange Business Day of the relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time that would apply to the determination of a Closing Price on such Exchange Business Day.

**"Exchange"** means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means (a) in the case of a single Share, Exchange Business Day (Single Share Basis) or (b) in the case of a basket of Shares or other assets, (i) Exchange Business Day (All Shares Basis) or (ii) Exchange Business Day (Per Share Basis) or (iii) Exchange Business Day (Cross Asset Basis), in each case as specified in the applicable Pricing Supplement provided that if, in the case of (b), no such specification is made in the applicable Pricing Supplement, Exchange Business Day (All Shares Basis) shall apply.

**"Exchange Business Day (All Shares Basis)"** means, in respect of a basket of Shares or assets, any Scheduled Trading Day on which each relevant Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of Shares or assets is open for trading during its regular trading session, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.

## *Equity Annex*

**"Exchange Business Day (Cross Asset Basis)"** means, in respect of a basket of assets, any Scheduled Trading Day on which each relevant Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of assets is open for trading during its regular trading session (notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time) which is also an Exchange Business Day under and as defined in the Equity Index/ETF Linked Conditions.

**"Exchange Business Day (Per Share Basis)"** means, in respect of a Share, any Scheduled Trading Day on which the relevant Exchange and each Related Exchange (if any) in respect of such Share is open for trading during its regular trading session, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Business Day (Single Share Basis)"** means any Scheduled Trading Day on which the relevant Exchange and each Related Exchange (if any) is open for trading during its regular trading session, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the Shares on the relevant Exchange or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Share on any relevant Related Exchange.

**"Failure to Deliver"** means failure of the Hedging Party to deliver, when due, the Relevant Assets comprising the Asset Amount (in the case of N&C Securities) or the Entitlement (in the case of Warrants), where such failure to deliver is due to illiquidity in the market for such Shares.

**"Final Valuation Date"** means the date specified as a Final Valuation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Linked Conditions.

**"Force Majeure Event"** means that on or after the Trade Date, the performance of the Issuer's obligations under the Securities or a Hedging Agreement or the performance of a Hedging Party's obligations under a Hedging Agreement is prevented or materially hindered or delayed due to (a) any act (other than a Market Disruption Event), law, rule, regulation, judgment, order, directive, interpretation, decree or material legislative or administrative interference of any Government Authority or otherwise, or (b) the occurrence of civil war, disruption, military action, unrest, political insurrection, terrorist activity of any kind, riot, public demonstration and/or protest, or any other financial or economic reasons or any other causes or impediments beyond the Issuer's control, or (c) any expropriation, confiscation, requisition, nationalisation or other action taken or threatened by any Government Authority that deprives the Issuer or the Hedging Party and/or any of its Affiliates of all or substantially all of its assets in a relevant or connected jurisdiction.

**"Government Authority"** means any nation, state or government, any province or other political subdivision thereof, any body, agency or ministry, any taxing, monetary, foreign exchange or other authority, court, tribunal or other instrumentality and any other entity exercising, executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

**"Hedging Agreement"** means any transaction that hedges the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Securities.

**"Hedging Disruption"** means that any Hedging Party 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 any relevant price risk, including but not limited to the currency risk, of the Issuer, (or the Guarantor (as appropriate)) issuing and performing its obligations with respect to the Securities, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent.

## *Equity Annex*

**"Hedging Party"** means at any relevant time, the Issuer or any of its Affiliates or any other entity (or entities) providing the Issuer directly or indirectly with hedging arrangements in relation to the Securities as the Issuer may select at such time.

**"Hedging Shares"** means the number of Shares that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Securities.

**"Increased Cost of Hedging"** means that any Hedging Party 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 market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer (or the Guarantor (as appropriate)) issuing and performing its obligations with respect to the Securities, 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 Hedging Party would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

**"Initial Stock Loan Rate"** means, unless otherwise specified in the applicable Pricing Supplement, and in respect of a Share, the rate which the Hedging Party would have incurred to borrow such Share in any Relevant Market, as of the Trade Date, as determined by the Calculation Agent.

**"Initial Valuation Date"** means the date specified as an Initial Valuation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Linked Conditions.

**"Insolvency Filing"** means that a Share Company or Basket Company, as the case may be, 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 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 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 Share Company or Basket Company shall not be deemed an Insolvency Filing.

**"Intraday Price"** means the price of a Share observed by the Calculation Agent at any time during the regular trading session hours of the relevant Exchange, without regard to after hours or any other trading outside of the regular trading session hours.

**"Jurisdiction Event"** means that, on or after the Trade Date, it has become impracticable, illegal or impossible for the Issuer or any of its Affiliates or a Hedging Party to purchase, sell, hold or otherwise deal (or to continue to do so in the future) in the Shares or a options or futures contracts in relation to the Shares in order for the Issuer to perform its obligations under the Securities or in respect of any relevant hedging arrangements in connection with the Securities (including, without limitation, any purchase, sale or entry into or holding of one or more securities positions, currency positions, stock loan transactions, derivatives position or other instruments or arrangements (however described) by the Issuer and/or any of its Affiliates in order to hedge, either individually or on a portfolio basis, the Securities) or the costs of so doing would, as determined in good faith and in a commercially reasonable manner by the Calculation Agent, be materially increased under the restriction or limitation of the existing or future law, rule, regulation, judgment, order, interpretation, directive or decree of any Government Authority or otherwise, all as determined by the Calculation Agent.

**"Local Jurisdiction"** has the meaning given in the definition of Offshore Investor.

## *Equity Annex*

**"Local Taxes"** shall mean taxes, duties, and similar charges imposed by the taxing authority of the country in which the Basket Company or the Share Company, as the case may be, has been incorporated or in which the relevant Exchange is located.

**"Loss of Stock Borrow"** means that the Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share 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, unless otherwise specified in the applicable Pricing Supplement, and in respect of a Share, the lowest rate which the Hedging Party, after using commercially reasonable efforts, would have incurred to borrow such Share in any Relevant Market, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Calculation Agent.

**"Observation Price"** means the price of the applicable Share quoted on the relevant Exchange observed by the Calculation Agent on the relevant Averaging Date, Scheduled Observation Date or Valuation Date at the Relevant Time specified in the applicable Pricing Supplement.

**"Observation Period"** means the period specified as the Observation Period in the applicable Pricing Supplement.

**"Offshore Investor"** shall mean a holder of Shares who is an institutional investor not resident in the country in which the Basket Company or the Share Company, as the case may be, has been incorporated or in which the relevant Exchange is located (the **"Local Jurisdiction"**), for the purposes of the tax laws and regulations of the Local Jurisdiction and, for the avoidance of doubt, whose jurisdiction of residence (i) shall be determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and (ii) may be the jurisdiction of a Hedging Party.

**"Opening Price"** means, in relation to a Share, the official opening price of such relevant Share on the relevant Exchange.

**"Related Exchange"** means, in relation to a Share, each exchange or quotation system on which option contracts or futures contracts relating to such Share are traded, or each exchange or quotation system specified as such for such Share in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share 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 Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where **"All Exchanges"** is specified as the Related Exchange in the applicable Pricing Supplement, Related Exchange shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

**"Relevant Market"** means, for the purpose of determining any value or other amount pursuant to these Equity Linked Conditions, any relevant quotation system, exchange, dealing system, screen page, over-the-counter derivatives or other market which the Calculation Agent determines appropriate for such purpose and which it may select taking into account hedging arrangements of the Issuer and/or its Affiliates for the Securities.

**"Relevant Time"** means, in relation to a Share, the time specified as such in the applicable Pricing Supplement.

**"Reuters Screen"** shall mean, when used in connection with any designated page, specified in the applicable Pricing Supplement, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may be replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

**"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.

## *Equity Annex*

**"Scheduled Observation Date"** means each date specified as a Scheduled Observation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Linked Conditions.

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

**"Scheduled Trading Day"** means (a) in the case of a single Share, Scheduled Trading Day (Single Share Basis) or (b) in the case of a basket of Shares or assets, (i) Scheduled Trading Day (All Shares Basis) or (ii) Scheduled Trading Day (Per Share Basis) or (iii) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the applicable Pricing Supplement, provided that if, in the case of (b), no such specification is made in the applicable Pricing Supplement, Scheduled Trading Day (All Shares Basis) shall apply.

**"Scheduled Trading Day (All Shares Basis)"** means, in respect of a basket of Shares or assets, any day on which each Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of Shares is scheduled to be open for trading for its regular trading session.

**"Scheduled Trading Day (Cross Asset Basis)"** means, in respect of a basket of assets, any day on which each Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of assets is scheduled to be open for trading for its regular trading session which is also a Scheduled Trading Day for the purpose of the Equity Index/ETF Linked Conditions.

**"Scheduled Trading Day (Per Share Basis)"** means, in respect of a Share, any day on which the relevant Exchange and each Related Exchange (if any) in respect of such Share is scheduled to be open for trading for its regular trading session.

**"Scheduled Trading Day (Single Share Basis)"** means any day on which the relevant Exchange and each relevant Related Exchange (if any) is scheduled to be open for trading during its regular trading session.

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

**"Screen Page"** means the page specified in the applicable Pricing Supplement, or any successor page or service thereto.

**"Settlement Cycle"** means, in respect of any Share, the period of Clearance System Business Days following a trade in Shares on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

**"Settlement Price"** means, unless otherwise specified in the applicable Pricing Supplement and subject as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be, in respect of a Share, an amount equal to the Opening Price, Intraday Price, Closing Price or Observation Price (as specified in the Pricing Supplement in relation to Settlement Price) quoted on the relevant Exchange for such Share on the relevant Valuation Date, Averaging Date or Scheduled Observation Date, as applicable (or if, in the opinion of the Calculation Agent, any such Opening Price, Intraday Price, Closing Price or Observation Price cannot be so determined and the Valuation Date, Averaging Date or Scheduled Observation Date, as applicable, is not a Disrupted Day, 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 the Valuation Date, Averaging Date or Scheduled Observation Date, as applicable, and the fair market selling price at the Valuation Time on the Valuation Date, Averaging Date or Scheduled Observation Date, as applicable, for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide.

**"Shares"** and **"Share"** mean in the case of an issue of Securities relating to a basket of Shares or assets, each share and, in the case of an issue of Securities relating to a single Share, the share, specified in the applicable Pricing Supplement and related expressions shall be construed accordingly.

## *Equity Annex*

"**Share Company**" means, in the case of an issue of Securities relating to a single Share, the company that has issued such share.

"**Specified Additional Disruption Event**" means each event specified as a Specified Additional Disruption Event in the applicable Pricing Supplement.

"**Specified Maximum Days of Disruption**" means the lesser of (a) either (i) eight (8) Scheduled Trading Days or (ii) such other number of Scheduled Trading Days specified as such in the applicable Pricing Supplement and (b) such number of Scheduled Trading Days in the period from (but excluding) the Scheduled Valuation Date or Scheduled Averaging Date, as applicable to (but excluding) the third (3rd) Business Day prior to any due date or scheduled date for any payment under the Securities for which valuation on the relevant Averaging Date or Valuation Date is relevant, all as determined by the Calculation Agent.

"**Stop-Loss Event**" means the price of any Share as quoted on the relevant Exchange for such Share at the relevant time specified in the applicable Pricing Supplement (or, if none, the Scheduled Closing Time), on any Scheduled Trading Day that is not a Disrupted Day in respect of such Share on or after the Trade Date or, if later the Strike Date, specified in the applicable Pricing Supplement is less than 5.00 per cent. (the "**Strike Level**"), or (if different) the percentage specified as such in the applicable Pricing Supplement, of its Strike Price or, if no Strike Price is stipulated in the applicable Pricing Supplement, the price given as the Benchmark Price for such Share in the applicable Pricing Supplement, all as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner.

"**Trade Date**" shall have the meaning specified as such in relation to Equity Linked Securities in the applicable Pricing Supplement.

"**Trading Disruption**" means, 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 share or (b) in futures or options contracts relating to such share on any relevant Related Exchange.

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended.

"**Valuation Date**" means the date specified as such in the applicable Pricing Supplement and otherwise in accordance with the above provisions or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Securities relating to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price (including without limitation the conversion of such amount from or into any applicable currency) in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, determine the Settlement Price in accordance with its good faith and commercially reasonable estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or
- (b) in the case of Securities relating to a basket of Shares or assets the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Share affected (each an "**Affected Item**") 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 Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the



## *Equity Annex*

manner set out in the applicable Pricing Supplement, or, if not set out or if not practicable, using its good faith and commercially reasonable estimate of the value for the Affected Item as of the Valuation Time on the last consecutive Scheduled Trading Day.

**"Valuation Time"** means the Relevant Time specified in the applicable Pricing Supplement or, if no Relevant Time is specified, (i) for purposes of determining an Opening Price, the Scheduled Opening Time or, for purposes of determining a Closing Price, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Averaging Date or Scheduled Observation Date, as the case may be, in relation to each Share to be valued provided that 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 and (ii) in all other circumstances, the time at which the relevant Settlement Price is determined.

### **11. PHYSICAL DELIVERY N&C SECURITIES**

This Equity Linked Condition 11 will only apply to N&C Securities.

(A) Physical Delivery

(1) Asset Transfer Notices

In relation to Physical Delivery N&C Securities other than N&C Securities represented by a Rule 144A Global N&C Security, in order to obtain delivery of the Asset Amount(s) in respect of any N&C Security:

- (X) if such N&C Security is represented by a Global N&C Security, the relevant N&C Securityholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Principal Paying Agent and Calculation Agent not later than the close of business in each place of reception on the Equity Cut-Off Date, a duly completed Asset Transfer Notice in the form set out in the Agency Agreement; and
- (Y) if such N&C Security is in definitive form, the relevant N&C Securityholder must deliver (i) if this N&C Security is a Bearer N&C Security, to any Paying Agent or (ii) if this N&C Security is a Definitive Registered N&C Security, to the Registrar or any Paying Agent, in each case, with a copy to the Principal Paying Agent and Calculation Agent not later than the close of business in each place of reception on the Equity Cut-Off Date, a duly completed Asset Transfer Notice in the form set out in the Agency Agreement.

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

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

If this N&C Security is in definitive form, this N&C Security must be delivered together with the duly completed Asset Transfer Notice.

The Asset Transfer Notice shall:

- (i) specify the name, address and contact telephone number of the relevant N&C Securityholder and the person from whom the Issuer may obtain details for the delivery of the Asset Amount;
- (ii) specify the series number of the N&C Securities and the number of N&C Securities which are the subject of such notice;

### *Equity Annex*

- (iii) in the case of N&C Securities represented by a Global N&C Security, specify the nominal amount or, in case of N&C Securities issued in units, number of N&C Securities which are the subject of such notice and the number of the N&C Securityholder's account at Euroclear or Clearstream, Luxembourg as the case may be to be debited with such N&C Securities and irrevocably instruct and authorise the relevant Clearance System to debit the relevant N&C Securityholder's account with such N&C Securities on or before the Delivery Date;
- (iv) include an undertaking to pay all Delivery Expenses (as defined below) and, in the case of N&C Securities represented by a Global N&C Security, an authority to Euroclear or Clearstream, Luxembourg, as the case may be to debit a specified account of the N&C Securityholder with Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Delivery Expenses;
- (v) include such details as are required for delivery of the Asset Amount which may include account details and/or the name and address of any person(s) into whose name evidence of the Asset Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Asset Amount are to be delivered and specify the name and number of the N&C Securityholder's account to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Asset Amount or any dividends relating to the Asset Amount or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Redemption Amount;
- (vi) certify that the beneficial owner of each N&C Security is not a U.S. person (as defined in the Asset Transfer Notice), the N&C Security is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof;
- (vii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

#### (2) Verification of the N&C Securityholder

In the case of N&C Securities represented by a Global N&C Security, upon receipt of an Asset Transfer Notice, Euroclear or Clearstream, Luxembourg as the case may be shall verify that the person delivering the Asset Transfer Notice is the holder of the N&C Securities described therein according to its records. Subject thereto, Euroclear or Clearstream, Luxembourg as the case may be will confirm to the Principal Paying Agent the series number and number of N&C Securities which are the subject of such notice, the relevant account details and the details for the delivery of the Asset Amount of each N&C Security. Upon receipt of such confirmation, the Principal Paying Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg as the case may be will on or before the Delivery Date debit the securities account of the relevant N&C Securityholder with the relevant N&C Securities.

#### (3) Determinations and Delivery Expenses

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made, in the case of N&C Securities represented by a Global N&C Security, by Euroclear or Clearstream, Luxembourg, as the case may be or, in the case of N&C Securities in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, and shall be conclusive and binding on the Issuer, the Principal Paying Agent(s) and the relevant N&C Securityholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Paying

## *Equity Annex*

Agent immediately after being delivered or sent as provided in paragraph (1) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of, in the case of N&C Securities represented by a Global N&C Security, Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of N&C Securities in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearance System, the Registrar or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant N&C Securityholder may not transfer the N&C Securities which are the subject of such notice.

All costs, taxes, duties and/or expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other costs, duties or taxes which the Calculation Agent determines may be or would be, or would have been incurred (i) in connection with the redemption of the N&C Securities and/or the delivery of the Asset Amount in respect of such N&C Securities and (ii) by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the N&C Security ("**Delivery Expenses**") shall be for the account of the relevant N&C Securityholder and no Asset Amount will be deliverable until the relevant Delivery Expenses have been met or otherwise accounted for to the satisfaction of the Issuer.

- (4) Delivery
- (a) Subject to:
  - (i) an Asset Transfer Notice having been duly delivered as provided above on or prior to the Equity Cut-Off Date; and
  - (ii) all Delivery Expenses having been paid or otherwise accounted for to the satisfaction of the Issuer by the relevant N&C Securityholder,

the Issuer shall, at the risk of the relevant N&C Securityholder, deliver or procure the delivery of the Asset Amount for each N&C Security, pursuant to the details specified in the Asset Transfer Notice or in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the N&C Securityholder in the relevant Asset Transfer Notice, on the date fixed for redemption (such date, subject to adjustment in accordance with this Equity Linked Condition, the "**Delivery Date**"). Where the Asset Transfer Notice stipulates that the Asset Amount should be delivered to a specified clearing system, the Issuer's or the Guarantor's obligation to deliver such Asset Amount will be discharged by delivery to, or to the order of, the relevant clearing system and each of the persons shown in the records of the relevant clearing system as the account holder must look solely to the relevant clearing system for his share of any Asset Amount so delivered.

- (b) If a N&C Securityholder fails to give an Asset Transfer Notice as provided herein with a copy to the Principal Paying Agent, on or prior to the Equity Cut-Off Date, then:
  - (i) the Issuer may elect, in its sole discretion to deliver or procure the delivery of the aggregate Asset Amounts for all such affected N&C Securities, at the risk of the relevant N&C Securityholder, to, or to the order of, the relevant Clearance System(s) in which the N&C Securities are held (and this may be after the date fixed for redemption) and its obligation to deliver any such Asset Amount so delivered shall be discharged thereby. Each of the persons shown in the records of the relevant Clearance System as the holder of a particular amount of

## *Equity Annex*

the N&C Securities must look solely to the relevant Clearance System for his share of each such Asset Amount so delivered to, or to the order of, such Clearance System. For the purposes of paragraph (5) below, each Clearance System will be deemed to be a single N&C Securityholder and each Clearance System will be requested to divide and deliver such Asset Amounts in accordance with its rules; or

- (ii) the Asset Amount will be delivered as soon as practicable after the date fixed for redemption (in which case, such date of delivery shall be the Delivery Date) at the risk of such N&C Securityholder in the manner provided in paragraph (a) above. For the avoidance of doubt, in such circumstances such N&C Securityholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the date fixed for redemption and no liability in respect thereof shall attach to the Issuer.
- (c) To the extent that the Issuer is not satisfied that the Delivery Expenses have been or will be paid in full by the relevant N&C Securityholder on or prior to the relevant Delivery Date, the Issuer may, in its sole discretion, elect to reduce the Asset Amount(s) to be delivered by an amount(s) which by market value (determined at the time of reduction by reference to such valuation sources as the Issuer determines appropriate) in aggregate is at least equal to the aggregate Delivery Expenses that it determines, in its sole discretion, have not been paid or otherwise accounted for (the Asset Amount as so reduced, the "**Reduced Asset Amount**"). Where the Issuer elects to make such a reduction, in accordance with this Equity Linked Condition 11(A)(4)(c), the Issuer's obligation to deliver the Asset Amount(s) shall be discharged in full by delivery of the Reduced Asset Amount in accordance with the provisions of this Equity Linked Condition 11(A)(4). The provisions of paragraphs (5) and (6) of this Equity Linked Condition 11(A) and the provisions of Equity Linked Condition 11(B) shall apply *mutatis mutandis* to any such delivery of the Reduced Asset Amount.

(5) General

For the purpose of determining the Asset Amounts in respect of the N&C Securities, N&C Securities held by the same N&C Securityholder will be aggregated. The aggregate Asset Amount(s) to be delivered in respect of each such aggregated holding will be rounded down to the nearest whole unit of the Relevant Asset (or, where there is more than one type of Relevant Asset, each of the Relevant Assets), as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered but in lieu thereof the Issuer shall pay to the N&C Securityholders in respect of their respective holding an additional amount in the Specified Currency equal to the fair market value of such fraction(s) in such manner as shall be determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and notified to N&C Securityholders in accordance with N&C Security Condition 14 (Notices).

Following the Delivery Date of a Share all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Delivery Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a N&C Securityholder will be paid to the account specified by the N&C Securityholder in the relevant Asset Transfer Notice as referred to in Equity Linked Condition 11(A)(1) or otherwise paid to the relevant Clearance System for the account of N&C Securityholders.

For such period of time after delivery of the Asset Amount as the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the securities comprising the Asset Amount (the "**Intervening Period**"), none of the Issuer, the Paying Agents, the Registrar or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any N&C Securityholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any

## *Equity Annex*

obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a N&C Securityholder in respect of any loss or damage which such N&C Securityholder 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 comprised in such Asset Amount or otherwise as specified in the applicable Pricing Supplement.

(6) Settlement Disruption

If, in the opinion of the Calculation Agent, delivery of the Asset Amount using the method of delivery specified in the applicable Pricing Supplement or such commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on the Delivery Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event unless there is a Settlement Disruption Event on each of the ten (10) Settlement Business Days immediately following the original date that, but for such Settlement Disruption Event, would have been a valid Delivery Date. In that case, (a) if the Asset Amount can be delivered in any other commercially reasonable manner, as determined by the Calculation Agent, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant N&C Security by delivering the Asset Amount using such other commercially reasonable manner as it may select and in such event the Delivery Date shall be the first day on which settlement of a sale of Relevant Assets comprising the Asset Amount executed on that tenth (10) Clearance System Business Day would customarily take place using such other commercially reasonable manner, and (b) if the Relevant Assets comprising the Asset Amount cannot be delivered in any other commercially reasonable manner, then the Delivery Date will be postponed until delivery can be effected in the manner contemplated in the Asset Transfer Notice or in any other commercially reasonable manner, as determined by the Calculation Agent. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Asset Amount, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date. For so long as delivery of the Asset Amount 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 N&C Security by payment to the relevant N&C Securityholder of the Disruption Cash Redemption Amount (as defined below) on the fifth (5th) Business Day following the date that notice of such election is given to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices). Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices). The Calculation Agent shall give notice as soon as practicable to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices) that a Settlement Disruption Event has occurred. No N&C Securityholder shall be entitled to any payment in respect of the relevant N&C Security in the event of any delay in the delivery of the Asset Amount due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

(7) If any Security represented by a Rule 144A Global N&C Security is to be redeemed by delivery of an Asset Amount, the relevant provisions relating to such delivery shall be set out in the applicable Pricing Supplement.

(B) Definitions specific to Physical Delivery

**"Agency Agreement"** has the meaning given in the N&C Security Conditions.

**"Asset Amount"** has the meaning specified in the applicable Pricing Supplement.

**"Asset Transfer Notice"** shall mean the notice in the form set out in the Agency Agreement.

## *Equity Annex*

**"Disruption Cash Redemption Amount"**, in respect of any relevant N&C Security, shall be the Market Value of such N&C Security expressed in the Specified Currency (taking into account any relevant currency exchange rate and, where the Settlement Disruption Event affected some but not all of the Shares comprising the Asset Amount and such non affected Shares have been duly delivered as provided above, the value of such Shares), all as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner.

**"Equity Cut-Off Date"** has the meaning specified in the applicable Pricing Supplement.

**"Settlement Business Day"** has the meaning specified in the applicable Pricing Supplement.

**"Settlement Disruption Event"** means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Asset Amount(s) using the method specified in the applicable Pricing Supplement.

### **12. VARIATION OF SETTLEMENT**

This Equity Linked Condition 12 will only apply to N&C Securities.

If the applicable Pricing Supplement indicates that the Issuer has the option to vary settlement in respect of the N&C Securities, the Issuer may acting in good faith and in a commercially reasonable manner in respect of each such N&C Security give notice pursuant to N&C Security Condition 14 (Notices) no later than the second (2) Business Day prior to the Maturity Date that the N&C Securities shall be (x) Cash Settled N&C Securities instead of Physical Delivery N&C Securities or (y) Physical Delivery N&C Securities instead of Cash Settled N&C Securities and in this case the provisions of Equity Linked Condition 1(b)(A) or (B) (*Equity Linked Redemption N&C Securities*) respectively shall apply.

## ***Equity Index/ETF Annex***

### **EQUITY INDEX/ETF ANNEX**

#### **ADDITIONAL TERMS AND CONDITIONS FOR EQUITY INDEX LINKED SECURITIES AND ETF LINKED SECURITIES**

*The terms and conditions applicable to Equity Index Linked Securities and/or ETF Linked Securities shall comprise (a) the General Terms and Conditions of the N&C Securities (the "N&C Security Conditions") and the additional Terms and Conditions set out below (the "Equity Index/ETF Linked Conditions") or, as the case may be, (b) the General Terms and Conditions of the Warrants (the "Warrant Conditions") and the Equity Index/ETF Linked Conditions, in each case, together with the Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Pricing Supplement (together with, (i) in the case of N&C Securities the N&C Security Conditions and the Equity Index/ETF Linked Conditions, or (ii) in the case of Warrants, the Warrant Conditions and the Equity Index/ETF Linked Conditions, as the case may be, the "Conditions") and, in each case subject to completion in the applicable Pricing Supplement. In the event of any inconsistency between the N&C Security Conditions or Warrant Conditions, as the case may be, and the Equity Index/ETF Linked Conditions, the Equity Index/ETF Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions or Warrant Conditions, as the case may be, and/or the Equity Index/ETF Linked Conditions and (ii) the Pricing Supplement, the Pricing Supplement shall prevail. References in the Equity Index/ETF Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "Warrant" and "Warrants" as the context admits and references to "Securityholder" shall be deemed to be references to "N&C Securityholder" or "Warrantholder" as the context admits. Any reference to "**Index**" within this Equity Index/ETF Annex shall be deemed to be a reference to an Equity Index or a Related Index, as applicable (as hereinafter defined).*

*References below to a numbered N&C Security Condition or Warrant Condition, as the case may be, are to such numbered section of the N&C Security Conditions or Warrant Conditions, as applicable, and references to a numbered Equity Index/ETF Linked Condition are to such numbered section as set out in this Equity Index/ETF Annex.*

*Defined terms used in this Equity Index/ETF Annex or the related section of the Pricing Supplement where the same term may be used in another Annex (e.g. Valuation Date) shall have the meanings given in this Equity Index/ETF Annex or in the section of the Pricing Supplement relating to Equity Index/ETF Linked Securities notwithstanding the same terms being used in another Annex or section of the Pricing Supplement.*

#### **1. EQUITY INDEX ETF LINKED SECURITIES**

This Equity Index/ETF Linked Condition 1 will apply to N&C Securities only.

##### **(a) Equity Index/ETF Linked Interest N&C Securities**

Unless previously redeemed or purchased and cancelled in accordance with the N&C Security Conditions or as specified in the applicable Pricing Supplement and subject to these Equity Index/ETF Linked Conditions, each Equity Index/ETF Linked Interest N&C Security will bear interest in, or determined in the manner specified in, the applicable Pricing Supplement and the Conditions.

##### **(b) Equity Index/ETF Linked Redemption N&C Securities**

Unless previously redeemed or purchased and cancelled in accordance with the N&C Security Conditions or as specified in the applicable Pricing Supplement and subject to these Equity Index/ETF Linked Conditions, each N&C Security will be redeemed by the Issuer (A) by payment of the Final Redemption Amount specified in, or determined in the manner specified in the applicable Pricing Supplement on the Maturity Date or (B) if Physical Delivery is specified in the applicable Pricing Supplement by delivery of the Asset Amount on the Maturity Date (subject as provided below) or (C) if Cash Settlement and/or Physical Delivery is specified in the applicable Pricing Supplement, by payment of the Final Redemption Amount and/or by delivery of the Asset Amount on the terms set out in the applicable Pricing Supplement and the Conditions, in each case on the Maturity Date (subject as provided below).

## *Equity Index/ETF Annex*

### 2. EXCHANGE TRADED FUNDS

These Equity Index/ETF Conditions will apply to any Exchange Traded Fund or ETF in relation to which they are specified as applying in the applicable Pricing Supplement. For each such Exchange Traded Fund a Related Index will be specified in the applicable Pricing Supplement. In this case all references to an Index in these Equity Index/ETF Conditions will be deemed to refer to each such Related Index.

### 3. MARKET DISRUPTION

**"Market Disruption Event"** means, in relation to Securities relating to a single Index or Exchange Traded Fund or basket containing any Index or Exchange Traded Fund:

- (a) in respect of a Composite Index:
  - (i) (x) 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, for purposes of determining an Opening Level, begins at or, for purposes of determining a Closing Level, Intraday Level or Observation Level, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
    - (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, for purposes of determining an Opening Level, begins at or, for purposes of determining a Closing Level, Intraday Level or Observation Level, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
    - (C) an Early Closure in respect of such Component Security; and
  - (y) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20.00 per cent. or more of the level of such Index; or
- (ii) the occurrence or existence, in each case, in respect of futures or options contracts relating to such Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that, for purposes of determining an Opening Level, begins at or, for purposes of determining a Closing Level, Intraday Level or Observation Level, ends at the Valuation Time in respect of the Related Exchange; or (c) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of such Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data"; and

- (b) in the case of Non-Composite Indices or an ETF Share, the occurrence or existence of (1) at any time during the one hour period that, for purposes of determining an Opening Level, begins at or, for purposes of determining a Closing Level, Intraday Level or Observation Level ends at the relevant Valuation Time (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, or (2) an Early Closure.



## *Equity Index/ETF Annex*

For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that Component Security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. For the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (i) the portion of the level of such Index attributable to that Component Security and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date or a Valuation Date.

#### 4. ADJUSTMENTS TO AN INDEX

##### (a) 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 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.

##### (b) Modification and Cessation of Calculation of an Index

If, in the determination of the Calculation Agent,

- (i) on or prior to the last Valuation Date or the last Averaging Date or Scheduled Observation 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
- (ii) the relevant Index Sponsor permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"); or
- (iii) on any Valuation Date or any Averaging Date or Scheduled Observation Date, the Index Sponsor or (if applicable) the successor sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and, together with an Index Modification and an Index Cancellation, and any Additional Index Adjustment Event, each an "**Index Adjustment Event**");

then the Issuer may take the action in (A), (B) or (C) below:

- (A) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Securities and, if so, shall calculate the relevant Index/ETF Level using, in lieu of a published level for that Index, or the related ETF, the level for that Index or ETF as at the Valuation Time on that Valuation Date or Averaging Date or Scheduled Observation Date, as the case may be, as determined by the Calculation Agent which in the case of an Index will be determined 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 Component Securities that comprised that Index immediately prior to

## *Equity Index/ETF Annex*

that Index Adjustment Event and in the case of an ETF will be determined as the fair market value of the relevant ETF;

- (B) require the Calculation Agent to replace the affected Index/ETF by a new Index/ETF provided that such new index or ETF is (a) representative of the same economic or geographic sector (as the case may be), and (b) to the extent possible, representative of securities/components listed on one or more exchanges of one or more OECD countries and make relevant adjustments to the Conditions to account for such replacement; or
- (C) on giving notice to Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, redeem or cancel, as the case may be, all but not some only of the Securities, each Security being redeemed by payment of the relevant Early Redemption Amount, in the case of N&C Securities, or relevant Early Cancellation Amount, in the case of Warrants.

(c) **Notice**

The Calculation Agent shall, as soon as practicable, notify the relevant Agent of any determination made by it pursuant to paragraph (b) above and the action proposed to be taken in relation thereto and such Agent shall make available for inspection by Securityholders copies of any such determinations.

### **5. CORRECTION OF INDEX OR ETF SHARE PRICE**

With the exception of any corrections published after the day which is three (3) Exchange Business Days prior to (i) in the case of N&C Securities, the Maturity Date or (ii) in the case of Warrants, the Settlement Date, if the level of an Index or ETF published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities, is subsequently corrected and the correction published by the relevant Index Sponsor, Exchange or Related Exchange within one Settlement Cycle after the original publication, the level to be used for calculation of any relevant value in relation to the Securities shall be the level of the Index or ETF Share as so corrected and the Calculation Agent may make any relevant adjustment to the Conditions or any subsequent amount payable under the Securities to account therefor, as the Calculation Agent determines appropriate in good faith and in a commercially reasonable manner

### **6. POTENTIAL ADJUSTMENT EVENTS**

**"Potential Adjustment Event"** means in respect of ETF Shares any of the following:

- (a) a subdivision, consolidation or reclassification of relevant ETF Shares (unless resulting in a Merger Event or, if Tender Offer is specified as applying in the applicable Pricing Supplement, a Tender Offer) or a free distribution or dividend of any such ETF Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant ETF Shares of (A) such ETF Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the ETF equally or proportionately with such payments to holders of such ETF Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the ETF, as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or certificates or other assets, in any case for payment (in cash or in 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 repurchase by the ETF Issuer or any of its subsidiaries of ETF Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (e) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant ETF Shares.

## ***Equity Index/ETF Annex***

Following the declaration by the ETF Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will, acting in good faith and in a commercially reasonable manner, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the ETF Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of (a) any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery N&C Securities), (b) any Relevant Asset and/or Entitlement (in each case with respect to Physical Delivery Warrants) and/or (c) any of the other terms of the Conditions and/or the applicable Pricing Supplement as the Calculation Agent acting in good faith and in a commercially reasonable manner determines appropriate to account for that diluting or concentrative 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 ETF Share) and (ii) determine the effective date of that adjustment. In its determinations of the existence and extent of any dilutive or concentrative effect on the theoretical value of the ETF Shares relating to any Potential Adjustment Event, and any related adjustments to the terms of the Securities, the Calculation Agent may take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Potential Adjustment Event. 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 ETF Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as reasonably practicable under the circumstances to (i) the Issuer and the Principal Paying Agent or Principal Warrant Agent, as the case may be, and (ii) the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, stating the adjustment to (a) any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery N&C Securities), (b) any Relevant Asset and/or Entitlement (in each case with respect to Physical Delivery Warrants) and/or (c) any of the other terms of the Conditions and/or the applicable Pricing Supplement and giving brief details of the Potential Adjustment Event, provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Potential Adjustment Event.

### **7. ADDITIONAL DISRUPTION EVENTS**

**"Additional Disruption Event"** means:

- (a) if "Elected Events Only" is specified in the applicable Pricing Supplement, any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow, any Specified Additional Disruption Event and/or (where the Securities relate to an Exchange Traded Fund) Merger Event, Tender Offer, Nationalisation, Insolvency, De-Listing and/or ETF Event, but in each case, only to the extent that such events are specified as Additional Disruption Events in the applicable Pricing Supplement; or
- (b) if "Elected Events Only" is specified not to apply in the applicable Pricing Supplement, any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow and/or any Specified Additional Disruption Event and/or (where the Securities relate to an Exchange Traded Fund) a Merger Event, Tender Offer, Nationalisation, Insolvency, De-Listing and an ETF Event.

#### **Consequences of an Additional Disruption Event**

- (a) If an Additional Disruption Event occurs, the Issuer acting in good faith and in a commercially reasonable manner may either:
  - (i) require the Calculation Agent to replace the affected Index or ETF Share by a new Index or ETF Share (as applicable) provided that such new Index or ETF Share (as applicable) is (a) representative of the same economic or geographic sector (as the case may be), and (b) to the extent possible, representative of securities/components listed on one or more exchanges of one or more OECD countries and make relevant adjustments to the Conditions to account for such replacement; or
  - (ii) require the Calculation Agent to determine acting in good faith and in a commercially reasonable manner the appropriate adjustment, if any, to be made to any of the terms of the Securities to account for the Additional Disruption Event and determine the effective date of that adjustment; or

## *Equity Index/ETF Annex*

- (iii) redeem or cancel, as the case may be, the Securities by giving notice to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable. If the Securities are so redeemed or cancelled, the Issuer will pay each Securityholder the Early Redemption Amount, in the case of N&C Securities, or Early Cancellation Amount, in the case of Warrants, in respect of each Security held by him, determined taking into account the Additional Disruption Event. Payments will be made in such manner as shall be notified to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable.
- (b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

### **8. INDEX DISCLAIMER**

The Securities are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Securities. The Issuer (or, if applicable, the Guarantor) shall have no liability to the Securityholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Neither the Issuer (or, if applicable, the Guarantor) nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer (or, if applicable, the Guarantor), its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

### **9. DEFINITIONS**

Unless otherwise specified in the applicable Pricing Supplement:

**"Additional Index Adjustment Event"** means each event specified as an Additional Index Adjustment Event in the applicable Pricing Supplement.

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

- (a) if **"Omission"** is specified as applying in the applicable Pricing Supplement, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Index/ETF Level provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **"Postponement"** is specified as applying in the applicable Pricing Supplement, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

## *Equity Index/ETF Annex*

- (c) if "**Modified Postponement**" is specified as applying in the applicable Pricing Supplement then:
- (i) where the Securities relate to a single Index or ETF, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below;
  - (ii) where the Securities relate to a basket of assets, the Averaging Date for each Index or ETF not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Index or ETF affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index or ETF. If the first succeeding Valid Date in relation to such Index or ETF has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date) in respect of such Index or ETF, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below; and
  - (iii) for the purposes of these Terms and Conditions "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Bloomberg Screen**" shall mean, when used in connection with any designated page, specified in the applicable Pricing Supplement, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"**Change in Law**" means that, on or after the Trade Date (as specified in the applicable Pricing Supplement):

- (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines acting in good faith and in a commercially reasonable manner that (i) it has become illegal for any Hedging Party to hold, acquire or dispose of any relevant hedging arrangements relating to a Component Security or the relevant hedge positions relating to an Index or Exchange Traded Fund and/or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Securities (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, any of its Affiliates or any Hedging Party), or (iii) the performance of the Guarantor under the Guarantee has become unlawful.

"**Clearance System**" means in respect of any security or asset comprised in an Index or an ETF the principal domestic clearance system customarily used for setting trades in that security or asset or the ETF.

"**Clearance System Business Day**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a settlement disruption event, would have been) open for acceptance and execution of settlement instructions.

## ***Equity Index/ETF Annex***

"**Closing Level**" means, in relation to:

- (a) a Non-Composite Index, an amount equal to the official closing level of the Index as published by the relevant Index Sponsor;
- (b) a Composite Index, the official closing level of such Index as published by the relevant Index Sponsor; or
- (c) in the case of an Exchange Traded Fund, an amount equal to the official closing price of such ETF Share on the relevant Exchange,

in each case as determined by the Calculation Agent.

"**Component Security**" means each and any component security or asset of any Index.

"**Composite Index**" means any Index in respect of which the securities comprising such Index are listed, traded or quoted on more than one exchange or quotation system as determined by the Calculation Agent and provided that, notwithstanding this definition, the Calculation Agent may elect to treat an Index as a Non-Composite Index if it determines this is appropriate.

"**De-Listing**" means, in respect of any relevant ETF Shares, the relevant Exchange announces that pursuant to the rules of such Exchange, such ETF Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the applicable Pricing Supplement, a 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 a member state of the European Union).

"**Disrupted Day**" means any day which is:

- (a) in the case of a Composite Index, any Scheduled Trading Day on which: (A) the Index Sponsor fails to publish the level of the Index; (B) the Related Exchange fails to open for trading during its regular trading session; or (C) a Market Disruption Event has occurred; or
- (b) in the case of any Non-Composite Index, any Scheduled Trading Day on which: (A) the Exchange or the Related Exchange fails to open for trading during their regular trading session or (B) a Market Disruption Event has occurred; or
- (c) in the case of an ETF, (i) any Scheduled Trading Day on which a Market Disruption Event has occurred, or (ii) a relevant Exchange or any Related Exchange fails to open during its regular trading session; or
- (d) where both Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Pricing Supplement for Equity Index/ETF Linked Securities and Equity Linked Securities, a Disrupted Day occurs under and as defined in the Equity Linked Conditions.

"**Early Closure**" means:

- (a) in the case of a Composite Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the 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 Exchange or Related Exchange system for execution at the relevant Valuation Time that would apply to the determination of a Closing Level on such Exchange Business Day; and
- (b) in the case of any Non-Composite Index or ETF, the closure on any Exchange Business Day with respect to such Index of any relevant Exchange(s) relating to Component Securities that comprise 20.00 per cent. or more of the

### *Equity Index/ETF Annex*

level of such Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time that would apply to the determination of a Closing Level on such Exchange Business Day.

**"ETF"** means (in respect of an ETF Share) an Exchange Traded Fund.

**"ETF Event"** means, in respect of an Exchange Traded Fund and/or the ETF Shares in respect of such Exchange Traded Fund, the occurrence or existence, at any time, in respect of such Exchange Traded Fund or ETF Shares, as the case may be, of any of the following, as determined by the Calculation Agent:

- (a) the Exchange Traded Fund is dissolved or the Exchange Traded Fund or ETF Shares cease to exist;
- (b) any voluntary or involuntary liquidation, bankruptcy, insolvency or analogous proceedings are commenced with respect to the Exchange Traded Fund or a resolution is proposed for the winding up or dissolution of the Exchange Traded Fund;
- (c) the Exchange Traded Fund is reclassified, consolidated, amalgamated or merged with another fund whose investment objective(s), risk profile and/or investment benchmark(s) is or are deemed by the Calculation Agent to be different from the investment objective(s), risk profile and/or benchmark(s) that applied to the Exchange Traded Fund as at the Trade Date, or a resolution or other decision is proposed to effect any such reclassification, consolidation, amalgamation or merger;
- (d) the Exchange Traded Fund consolidates, amalgamates or merges with any other fund such that the Exchange Traded Fund is not the continuing entity, the Exchange Traded Fund changes its form or a resolution or other decision is proposed to effect any such consolidation, amalgamation, merger or change;
- (e) there is a change or any announcement regarding such change that in the opinion of the Calculation Agent is material in the investment objective(s), investment restrictions, investment process, investment guidelines, risk profile, or investment benchmark(s) of the Exchange Traded Fund (howsoever described, including the underlying type of assets in which the ETF invests), the information about the Exchange Traded Fund disclosed in the Fund Documents, any additional public statement of information concerning the Exchange Traded Fund or any rule, law, regulation, similar guideline or other document governing the activities of the Exchange Traded Fund or a resolution or other decision is proposed to effect any such material change;
- (f) any event occurs which is likely to have a material adverse effect on the solvency or liquidity of the Exchange Traded Fund as well as the value of the ETF Shares, including, but not limited to, any material litigation concerning the Exchange Traded Fund between any holders of the ETF Shares and the Exchange Traded Fund or the Exchange Traded Fund and any Fund Service Provider;
- (g) there is any restriction under the constitution of the Exchange Traded Fund or the law of the jurisdiction in which the Exchange Traded Fund is incorporated that is likely to prevent a Hedging Party subscribing for ETF Shares or as a result of which a Hedging Party is likely to be required to redeem any ETF Shares;
- (h) the activities of the Exchange Traded Fund or any Fund Service Provider are placed under review by its regulators for reasons of wrongdoing, breach of any rule or regulation or similar reason;
- (i) (A) a Fund Service Provider ceases to act in such capacity in relation to the ETF (including by way of Merger Event or Tender Offer) and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent; and/or (B) any event occurs which causes, or will with the passage of time (in the opinion of the Calculation Agent) cause, the failure of the ETF and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents which failure is reasonably likely to have an adverse impact on the value of the ETF Shares or on the rights or remedies of any investor therein;

### *Equity Index/ETF Annex*

- (j) an Exchange announces that pursuant to the rules of such Exchange, ETF Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason 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);
- (k) the ETF ceases to be an undertaking for collective investments under the legislation of its relevant jurisdiction, provided that on the relevant Issue Date, the ETF was such an undertaking and any such cessation would, in the sole and absolute discretion of the Calculation Agent, have a material adverse effect on any investor in such ETF Shares;
- (l) all the shares or all the assets or substantially all the assets of the Exchange Traded Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;
- (m) any subscription or redemption orders with respect to the ETF Shares are not executed as described in the Fund Documents;
- (n) any suspension or delay of the calculation or publication of the net asset value of the Exchange Traded Fund or ETF Shares or any failure by any Fund Service Provider to deliver when due any relevant report detailing the net asset value of the Exchange Traded Fund;
- (o) the increase of, or introduction by the Exchange Traded Fund of, charges for dealings in ETF Shares; or
- (p) changes in the regulatory, tax, accounting and/or another treatment applicable to the Exchange Traded Fund and/or which might reasonably be expected to have an economic, legal or regulatory impact on a holder of ETF Shares.

**"ETF Issuer"** means, in respect of an Exchange Traded Fund, the entity specified in the applicable Pricing Supplement as the issuer of that Exchange Traded Fund.

**"ETF Share"** means, in respect of an Exchange Traded Fund, the share, unit or other interest or unit of holding in the ETF Issuer (including, without limitation, any debt security) issued to or held by an investor in respect of the relevant Exchange Traded Fund.

**"Exchange"** means:

- (a) in the case of a Composite Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent, any successor thereto or any substitute exchange or quotation system to which trading in the Component Securities underlying the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the Component Securities on such temporary substitute exchange or quotation system as on the original Exchange);
- (b) in the case of any Non-Composite Index, the relevant exchange or quotation system specified for such Index in the applicable Pricing Supplement or if no such exchange or quotation system is specified for such Index in the Pricing Supplement, the exchange or quotation system on which all or substantially all relevant Component Securities are listed (being for the avoidance of doubt, where any Component Security has more than one listing, the exchange or quotation system used by the relevant Index Sponsor for the purposes of valuing the relevant price of such Component Security) or, in each case, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Component Securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity in relation to the Component Securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and



### ***Equity Index/ETF Annex***

- (c) in respect of an ETF Share, each exchange or quotation system specified as such for such ETF Share in the applicable Pricing Supplement or, if none is specified, the principal exchange or quotation system for trading in such ETF Share, as determined by the Calculation Agent, any successor to such Exchange or quotation system or any substitute exchange or quotation system to which trading in the ETF Share has temporarily relocated, provided that the Calculation Agent has determined that there is comparable liquidity relative to such ETF Share on such temporary substitute exchange or quotation system as on the original Exchange.

**"Exchange Business Day"** means (a) in the case of a single Index or ETF, Exchange Business Day (Single Index/ETF Basis) or (b) in the case of a basket of Indices or ETFs or assets, (i) Exchange Business Day (All Indices/ETFs Basis) or (ii) Exchange Business Day (Per Index/ETF Basis) or (iii) Exchange Business Day (Cross Asset Basis), in each case as specified in the applicable Pricing Supplement, provided that, in the case of (b), if no such specification is made in the applicable Pricing Supplement, Exchange Business Day (All Indices/ETFs Basis) shall apply.

**"Exchange Business Day (All Indices/ETFs Basis)"** means, in respect of a basket of Indices or ETFs or assets any Scheduled Trading Day on which (a) in respect of any Non-Composite Index, each relevant Exchange and each Related Exchange (if any) is open for trading for its regular trading session in respect of all Indices and/or ETFs comprised in the basket, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time and (b) in respect of any Composite Index, (i) the relevant Index Sponsor calculates and publishes the level of such Composite Index and (ii) each Exchange (in respect only of an ETF) and each Related Exchange (if any) in respect of each Composite Index or ETF in the basket, is open for trading during its regular trading session notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Business Day (Cross Asset Basis)"** means, in respect of a basket of assets, any Scheduled Trading Day on which (a) in respect of any Non-Composite Index, each relevant Exchange and each Related Exchange (if any) is open for trading for its regular trading session in respect of all Indices and/or ETFs comprised in the basket, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time and (b) in respect of any Composite Index, (i) the relevant Index Sponsor calculates and publishes the level of such Composite Index and (ii) each Exchange (in respect only of an ETF) and each Related Exchange (if any) in respect of each Composite Index or ETF in the basket, is open for trading during its regular trading session (notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time) which, in each case, is also an Exchange Business Day under and as defined in the Equity Linked Conditions.

**"Exchange Business Day (Per Index/ETF Basis)"** means any Scheduled Trading Day on which: (a) in the case of any Composite Index (i) the Index Sponsor calculates and publishes the level of such Composite Index; and (ii) each Exchange (in respect only of an ETF) and each Related Exchange (if any) in respect of such Composite Index or an ETF is open for trading during its regular trading session, notwithstanding such Exchange or Related Exchange closing prior to its Scheduled Closing Time; and (b) for any other Index, the relevant Exchange and each Related Exchange (if any) in respect of such Index or an ETF is open for trading during its regular trading session, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Business Day (Single Index/ETF Basis)"** means any Scheduled Trading Day on which (a) in respect of a Non-Composite Index, the relevant Exchange and each relevant Related Exchange (if any) in respect of such Index or an ETF is open for trading during its regular trading session, notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its Scheduled Closing Time and (b) in respect of a Composite Index (i) the relevant Index Sponsor calculates and publishes the level of such Composite Index and (ii) each Exchange (in respect only of an ETF) and each Related Exchange (if any) in respect of such Composite Index or an ETF, is open for trading during its regular trading session notwithstanding such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means, with respect to:

- (a) in the case of any Composite Index, 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, (A) any Component Security on the Exchange in respect of such Component Security; or (B) in futures or options contracts relating to such Index on the Related Exchange; or

## *Equity Index/ETF Annex*

- (b) in the case of any Non-Composite Index or an ETF, any event (other than an Early Closure) 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 ETF Shares on the Exchange (or in the case of an Index, on any relevant Exchange(s) relating to Component Securities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index or ETF Shares (as the case may be) on any relevant Related Exchange.

**"Exchange Traded Fund"** means each fund that is specified in the applicable Pricing Supplement as an ETF.

**"Extraordinary Dividend"** means an amount per ETF Share specified in the applicable Pricing Supplement. If no Extraordinary Dividend is specified in the applicable Pricing Supplement, the characterisation of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent acting in good faith and in a commercially reasonable manner.

**"Final Valuation Date"** means the date specified as the Final Valuation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Index/ETF Linked Conditions.

**"Fund Documents"** means, in respect of an Exchange Traded Fund, the constitutive and governing documents of that Exchange Traded Fund, the prospectus or offering document relating to the Exchange Traded Fund and the relevant ETF Shares, and any subscription or other agreements of the Exchange Traded Fund specifying the terms and conditions relating to the Exchange Traded Fund, each as amended from time to time.

**"Fund Service Provider"** means, in respect of an Exchange Traded Fund, any person or entity from time to time appointed to provide services, directly or indirectly, in respect of such Exchange Traded Fund, as investment advisor, manager, administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar, domiciliary agent, sponsor, general partner or transfer agent in respect of that Exchange Traded Fund.

**"Hedging Disruption"** means that any Hedging Party 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 any relevant price risk, including but not limited to the currency risk, of the Issuer (or the Guarantor (as appropriate)) issuing and performing its obligations with respect to the Securities, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent.

**"Hedging Party"** means, at any relevant time, the Issuer or any Affiliate(s) or any entity (or entities) providing the Issuer directly or indirectly with hedging arrangements in relation to under the Securities as the Issuer may select at such time.

**"Hedging Shares"** means the number of Component Securities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Securities.

**"Increased Cost of Hedging"** means that any Hedging Party 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 market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer (or the Guarantor, as appropriate) issuing and performing its obligations with respect to the Securities, 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 Hedging Party would incur a rate to borrow any Component Security comprised in an Index that is greater than the Initial Stock Loan Rate.

## *Equity Index/ETF Annex*

"**Index**" and "**Indices**" mean, subject to adjustment in accordance with these Equity Index/ETF Linked Conditions, the equity index or equity indices and in relation to an Exchange Traded Fund, each related index or related indices specified in the applicable Pricing Supplement and related expressions shall be construed accordingly.

"**Index/ETF Level**" means, in respect of an Index or ETF, the Opening Level, Closing Level, Intraday Level or Observation Level of such Index or ETF, as set out in the applicable Pricing Supplement provided: (a) in respect of any ETF Shares for which the Exchange is an auction or "open outcry" exchange that has a price as of the Relevant Time at which any trade can be submitted for execution, the relevant level shall be the price per ETF Shares as of the Relevant Time on the relevant day, as reported in the official real time price dissemination mechanism for such Exchange; and (b) in respect of any ETF Shares for which the Exchange is a dealer exchange or dealer quotation system, the relevant level shall be the mid point of the highest bid and lowest ask prices quoted as of the Relevant Time on the relevant day (or the last such prices quoted immediately before the Relevant Time) without regard to quotations that "lock" or "cross" the dealer exchange or dealer quotation system.

"**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, which as of the Issue Date of the Securities is the index sponsor specified for such Index in the applicable Pricing Supplement.

"**Initial Stock Loan Rate**" means, unless otherwise specified in the applicable Pricing Supplement, and in respect of the relevant Component Security, the rate which the Hedging Party would have incurred to borrow such Component Security on any Relevant Market as of the Trade Date, as determined by the Calculation Agent.

"**Initial Valuation Date**" means the date specified as the Initial Valuation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Index/ETF Linked Conditions.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the ETF (i) all the ETF Shares of that ETF are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the ETF Shares of that ETF become legally prohibited from transferring them.

"**Intraday Level**" means the level of an Index or ETF Share observed by the Calculation Agent at any time during the regular trading session hours of the relevant Exchange, without regard to after hours or any other trading outside of the regular trading session hours.

"**Local Taxes**" shall mean taxes, duties and similar charges imposed by the taxing authority of the country in which the ETF Issuer has been incorporated or in which the relevant Exchange is located.

"**Loss of Stock Borrow**" means that the Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any ETF Shares or Component Securities comprised in an Index 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, unless otherwise specified in the applicable Pricing Supplement, and in respect of the relevant Component Security, the lowest rate which the Hedging Party, after using commercially reasonable efforts, would have incurred to borrow such Component Security in the Relevant Market, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Calculation Agent.

"**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 ETF Shares, any (i) reclassification or change of such ETF Shares that results in a transfer of or an irrevocable commitment to transfer all of such ETF Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a ETF with or into another entity or person

## *Equity Index/ETF Annex*

(other than a consolidation, amalgamation, merger or binding share exchange in which such ETF is the continuing entity and which does not result in a reclassification or change of all of such ETF Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding ETF Shares of the ETF that results in a transfer of or an irrevocable commitment to transfer all such ETF Shares (other than such ETF Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the ETF or its sub-funds with or into another entity in which the ETF is the continuing entity and which does not result in a reclassification or change of all such ETF Shares outstanding but results in the outstanding ETF Shares (other than ETF Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding ETF Shares immediately following such event, in each case if the Merger Date is on or before (1) in the case of Cash Settled Securities, the last occurring Valuation Date or Scheduled Observation Date or where Averaging is specified in the applicable Pricing Supplement, the final Averaging Date, (2) in the case of Physical Delivery N&C Securities, the relevant Maturity Date or (3) in the case of Physical Delivery Warrants, the relevant Settlement Date.

**"Nationalisation"** means that all the ETF Shares or all or substantially all the assets of the ETF are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

**"Non-Composite Index"** means an Index that is not a Composite Index (together **"Non-Composite Indices"**).

**"Observation Level"** means the relevant level of the applicable ETF on the relevant Exchange or Index observed by the Calculation Agent on the relevant Averaging Date, Scheduled Observation Date or Valuation Date at the Relevant Time specified in the applicable Pricing Supplement.

**"Observation Period"** means the period specified as the Observation Period in the applicable Pricing Supplement.

**"Offshore Investor"** shall mean a holder of ETF Shares who is an institutional investor not resident in the country in which the ETF Issuer has been incorporated or in which the relevant Exchange is located (the "Local Jurisdiction"), for the purposes of the tax laws and regulations of the Local Jurisdiction and, for the avoidance of doubt, whose jurisdiction of residence (i) shall be determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and (ii) may be the jurisdiction of a Hedging Party.

**"Opening Level"** means, in relation to:

- (a) a Non-Composite Index, an amount equal to the official opening level of the Index as published by the relevant Index Sponsor;
- (b) a Composite Index, the official opening level of such Index as published by the relevant Index Sponsor; or
- (c) in the case of an Exchange Traded Fund, an amount equal to the official opening price of such ETF Share on the relevant Exchange or Related Exchange,

in each case as determined by the Calculation Agent.

**"Related Exchange"** means, in respect of Equity Index/ETF Linked Securities and in relation to an Index and/or ETF, each exchange or quotation system on which option contracts or futures contracts relating to such Index and/or ETF are traded, as determined by the Calculation Agent or each exchange or quotation system specified as such for such Index and/or ETF in the applicable Pricing Supplement, any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index and/or in the ETF 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 and/or the ETF, as applicable, on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where **"All Exchanges"** is specified as the Related Exchange in the applicable Pricing Supplement, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index and/or such ETF as determined by the Calculation Agent.

## *Equity Index/ETF Annex*

**"Related Index"** means, in respect of an ETF, the underlying index to which the ETF relates.

**"Relevant Market"** means, for the purpose of determining any value or other amount pursuant to these Equity Index/ETF Linked Conditions, any relevant quotation system, exchange, dealing system, screen page, over-the-counter derivatives or other market which the Calculation Agent determines appropriate for such purpose and which it may select taking into account hedging arrangements of the Issuer and/or its Affiliates for the Securities.

**"Relevant Time"** shall have the meaning specified in the applicable Pricing Supplement.

**"Reuters Screen"** shall mean, when used in connection with any designated page, specified in the applicable Pricing Supplement, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may be replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

**"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 Observation Date"** means each date specified as a Scheduled Observation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Index/ETF Linked Conditions.

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

**"Scheduled Trading Day"** means (a) in the case of a single Index or ETF, Scheduled Trading Day (Single Index/ETF Basis) or (b) in the case of a basket of Indices or ETFs or assets, (i) Scheduled Trading Day (All Indices/ETFs Basis) or (ii) Scheduled Trading Day (Per Index/ETFs Basis) or (iii) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the applicable Pricing Supplement, provided that if, in the case of (b), no such specification is made in the applicable Pricing Supplement, Scheduled Trading Day (All Indices/ETFs Basis) shall apply.

**"Scheduled Trading Day (All Indices/ETFs Basis)"** means, in respect of a basket of Indices or ETFs or assets any day on which (a) in respect of any Non-Composite Indices, each relevant Exchange and each Related Exchange (if any) in respect of each Index or ETF in the basket is scheduled to be open for trading for its regular trading session, and (b) in respect of any Composite Indices, (i) the relevant Index Sponsor is scheduled to calculate and publish the levels of each Composite Index in the basket and (ii) each Exchange (in respect only of an ETF) and each Related Exchange (if any) in respect of such Composite Indices or an ETF is scheduled to be open for trading during its regular trading session.

**"Scheduled Trading Day (Cross Asset Basis)"** means in respect of a basket of assets, any day on which (a) in respect of any Non-Composite Indices, each relevant Exchange and each Related Exchange (if any) in respect of each Index or ETF in the basket is scheduled to be open for trading for its regular trading session, and (b) in respect of any Composite Indices, (i) the relevant Index Sponsor is scheduled to calculate and publish the levels of each Composite Index in the basket and (ii) each Exchange (in respect only of an ETF) and each Related Exchange (if any) in respect of such Composite Indices or an ETF is scheduled to be open for trading during its regular trading session which in each case is also a Scheduled Trading Day under and as defined in the Equity Linked Conditions.

**"Scheduled Trading Day (Per Index/ETF Basis)"** means (a) in respect of a Non-Composite Index, any day on which the relevant Exchange and each Related Exchange (if any) in respect of such Index or an ETF is scheduled to be open for trading for its regular trading session, and (b) in respect of any Composite Index, any day on which (i) the Index Sponsor is scheduled to calculate and publish the level of such Composite Index; and (ii) each Exchange (in respect only of an ETF) and each Related Exchange (if any) in respect of such Composite Index or an ETF is scheduled to be open for trading for its regular trading session.

## *Equity Index/ETF Annex*

**"Scheduled Trading Day (Single Index/ETF Basis)"** means any day on which (a) in respect of an Index other than a Composite Index, the relevant Exchange and each Related Exchange (if any) is scheduled to be open for trading during its regular trading session, and (b) in respect of a Composite Index (i) the relevant Index Sponsor is scheduled to calculate and publish the level of such Composite Index and (ii) each Exchange (in respect only of an ETF) and each Related Exchange (if any) in respect of such Composite Index or an ETF is scheduled to be open for trading during its regular trading session.

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

**"Screen Page"** means the page specified in the applicable Pricing Supplement, or any successor page or service thereto.

**"Settlement Cycle"** means, in respect of any Index or ETF, the period of Clearance System Business Days following a trade in the securities underlying such Index or the ETF on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period).

**"Specified Additional Disruption Event"** means each event specified as a Specified Additional Disruption Event in the applicable Pricing Supplement.

**"Specified Maximum Days of Disruption"** means the lesser of (a) either (i) eight (8) Scheduled Trading Days or (ii) such other number of Scheduled Trading Days specified as such in the applicable Pricing Supplement and (b) such number of Scheduled Trading Days in the period from (but excluding) the Scheduled Valuation Date or Scheduled Averaging Date, as applicable to (but excluding) the third (3rd) Business Day prior to any due date or scheduled date for any payment under the Securities for which valuation on the relevant Averaging Date or Valuation Date is relevant, all as determined by the Calculation Agent.

**"Tender Offer"** means, in respect of any ETF Shares, as determined by the Calculation Agent, acting in a commercially reasonable manner, 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 ETF, 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.

**"Trade Date"** means the date specified as such in relation to Equity Index/ETF Linked Securities in the applicable Pricing Supplement.

**"Trading Disruption"** means:

- (a) in the case of a Composite Index, 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: (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 the Related Exchange; and
- (b) in the case of a Non-Composite Index or ETF Shares, 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 ETF Shares or the Component Securities that comprise 20.00 per cent. or more of the level of such Index on any relevant Exchange(s) or (b) in futures or options contracts relating to such Index or ETF Shares on any relevant Related Exchange.

**"Valuation Date"** means the date specified as such in the applicable Pricing Supplement and otherwise in accordance with the above provisions or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

### *Equity Index/ETF Annex*

- (a) in the case of Securities relating to a single Index or ETF, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Index/ETF Level in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, determine the Index/ETF Level by determining the level or price of the Index or ETF Share as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index or ETF Share 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 the last such consecutive Scheduled Trading Day of each security or asset comprised in the Index or ETF, as applicable (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or asset or ETF, as applicable, on the last such consecutive Scheduled Trading Day, its good faith and commercially reasonable estimate of the value for the relevant security or asset or ETF, as applicable, as of the Valuation Time on that eighth Scheduled Trading Day); or
- (b) in the case of Securities relating to a basket of assets, the Valuation Date for each Index or ETF, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index or ETF, affected (each an "**Affected Item**") 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 Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Index/ETF Level using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Pricing Supplement, or, if not set out or if not practicable, using the level of that Index or ETF Share as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index or ETF Share 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 the last such consecutive Scheduled Trading Day of each security or asset comprised in that Index or ETF, as applicable (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or asset or ETF, as applicable, on the last such consecutive Scheduled Trading Day, its good faith and commercially reasonable estimate of the value for the relevant security or asset or ETF, as applicable, as of the Valuation Time on that eighth Scheduled Trading Day).

**"Valuation Time"** means the Relevant Time specified in the applicable Pricing Supplement or if not so specified:

- (a) in the case of a Composite Index, in respect of such Index: (i) for the purposes of determining whether a Market Disruption Event has occurred: (A) in respect of any Component Security, for the purposes of determining an Opening Level, the Scheduled Opening Time or, for the purposes of determining a Closing Level, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (B) in respect of any options contracts or futures contracts on the Index, for purposes of determining an Opening Level, the open of trading or, for purposes of determining a Closing Level, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the relevant Index/ETF Level is calculated and published by the Index Sponsor or quoted on the relevant Exchange; and
- (b) in the case of any Non-Composite Index or an ETF, (i) for the purposes of determining an Opening Level, the Scheduled Opening Time or, for the purposes of determining a Closing Level, the Scheduled Closing Time on the Exchange on the relevant date. If the 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 and (ii) in all other circumstances, the time at which the relevant Index/ETF Level is calculated and published by the index Sponsor or quoted on the relevant Exchange.

## *Equity Index/ETF Annex*

### **10. PHYSICAL DELIVERY N&C SECURITIES**

This Equity Index/ETF Linked Condition 10 will only apply to N&C Securities that relate to ETF Shares.

(A) Physical Delivery

(1) Asset Transfer Notices

In relation to Physical Delivery N&C Securities other than N&C Securities represented by a Rule 144A Global N&C Security, in order to obtain delivery of the Asset Amount(s) in respect of any N&C Security:

- (X) if such N&C Security is represented by a Global N&C Security, the relevant N&C Securityholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Principal Paying Agent and Calculation Agent not later than the close of business in each place of reception on the Equity Index/ETF Cut-Off Date, a duly completed Asset Transfer Notice in the form set out in the Agency Agreement; and
- (Y) if such N&C Security is in definitive form, the relevant N&C Securityholder must deliver (i) if this N&C Security is a Bearer N&C Security, to any Paying Agent or (ii) if this N&C Security is a Definitive Registered N&C Security, to the Registrar or any Paying Agent, in each case, with a copy to the Principal Paying Agent and Calculation Agent not later than the close of business in each place of reception on the Equity Index/ETF Cut-Off Date, a duly completed Asset Transfer Notice in the form set out in the Agency Agreement.

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

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

If this N&C Security is in definitive form, this N&C Security must be delivered together with the duly completed Asset Transfer Notice.

The Asset Transfer Notice shall:

- (i) specify the name, address and contact telephone number of the relevant N&C Securityholder and the person from whom the Issuer may obtain details for the delivery of the Asset Amount;
- (ii) specify the series number of the N&C Securities and the number of N&C Securities which are the subject of such notice;
- (iii) in the case of N&C Securities represented by a Global N&C Security, specify the nominal amount or, in case of N&C Securities issued in units, number of N&C Securities which are the subject of such notice and the number of the N&C Securityholder's account at Euroclear or Clearstream, Luxembourg as the case may be to be debited with such N&C Securities and irrevocably instruct and authorise the relevant Clearance System to debit the relevant N&C Securityholder's account with such N&C Securities on or before the Delivery Date;
- (iv) include an undertaking to pay all Delivery Expenses (as defined below) and, in the case of N&C Securities represented by a Global N&C Security, an authority to Euroclear or Clearstream, Luxembourg, as the case may, be to debit a specified account of the N&C



### *Equity Index/ETF Annex*

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

- (v) include such details as are required for delivery of the Asset Amount which may include account details and/or the name and address of any person(s) into whose name evidence of the Asset Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Asset Amount are to be delivered and specify the name and number of the N&C Securityholder's account to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Asset Amount or any dividends relating to the Asset Amount or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Redemption Amount;
- (vi) certify that the beneficial owner of each N&C Security is not a U.S. person (as defined in the Asset Transfer Notice), the N&C Security is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof;
- (vii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

#### (2) Verification of the N&C Securityholder

In the case of N&C Securities represented by a Global N&C Security, upon receipt of an Asset Transfer Notice, Euroclear or Clearstream, Luxembourg as the case may be shall verify that the person delivering the Asset Transfer Notice is the holder of the N&C Securities described therein according to its records. Subject thereto, Euroclear or Clearstream, Luxembourg as the case may be will confirm to the Principal Paying Agent the series number and number of N&C Securities which are the subject of such notice, the relevant account details and the details for the delivery of the Asset Amount of each N&C Security. Upon receipt of such confirmation, the Principal Paying Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Delivery Date debit the securities account of the relevant N&C Securityholder with the relevant N&C Securities.

#### (3) Determinations and Delivery Expenses

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made, in the case of N&C Securities represented by a Global N&C Security, by Euroclear or Clearstream, Luxembourg, as the case may be or, in the case of N&C Securities in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, and shall be conclusive and binding on the Issuer, the Principal Paying Agent(s) and the relevant N&C Securityholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Paying Agent immediately after being delivered or sent as provided in paragraph (1) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of, in the case of N&C Securities represented by a Global N&C Security, Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of N&C Securities in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

### *Equity Index/ETF Annex*

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearance System, the Registrar or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant N&C Securityholder may not transfer the N&C Securities which are the subject of such notice.

All costs, taxes, duties and/or expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other costs, duties or taxes which the Calculation Agent determines may be or would be, or would have been incurred (i) in connection with the redemption of the N&C Securities and/or the delivery of the Asset Amount in respect of such N&C Securities and (ii) by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the N&C Security ("**Delivery Expenses**") shall be for the account of the relevant N&C Securityholder and no Asset Amount will be deliverable until the relevant Delivery Expenses have been met or otherwise accounted for to the satisfaction of the Issuer.

- (4) Delivery
  - (a) Subject to:
    - (i) an Asset Transfer Notice having been duly delivered as provided above on or prior to the Equity Index/ETF Cut-Off Date; and
    - (ii) all Delivery Expenses having been paid or otherwise accounted for to the satisfaction of the Issuer by the relevant N&C Securityholder,

the Issuer shall, at the risk of the relevant N&C Securityholder, deliver or procure the delivery of the Asset Amount for each N&C Security, pursuant to the details specified in the Asset Transfer Notice or in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the N&C Securityholder in the relevant Asset Transfer Notice, on the date fixed for redemption (such date, subject to adjustment in accordance with this Equity Index/ETF Linked Condition, the "**Delivery Date**"). Where the Asset Transfer Notice stipulates that the Asset Amount should be delivered to a specified clearing system, the Issuer's or the Guarantor's obligation to deliver such Asset Amount will be discharged by delivery to, or to the order of, the relevant clearing system and each of the persons shown in the records of the relevant clearing system as the account holder must look solely to the relevant clearing system for his share of any Asset Amount so delivered.

- (b) If a N&C Securityholder fails to give an Asset Transfer Notice as provided herein with a copy to the Principal Paying Agent, on or prior to the Equity Index/ETF Cut-Off Date, then:
  - (i) the Issuer may elect, in its sole discretion to deliver or procure the delivery of the aggregate Asset Amounts for all such affected N&C Securities, at the risk of the relevant N&C Securityholder, to, or to the order of, the relevant Clearance System(s) in which the N&C Securities are held (and this may be after the date fixed for redemption) and its obligation to deliver any such Asset Amount so delivered shall be discharged thereby. Each of the persons shown in the records of the relevant Clearance System as the holder of a particular amount of the N&C Securities must look solely to the relevant Clearance System for his share of each such Asset Amount so delivered to, or to the order of, such Clearance System. For the purposes of paragraph (5) below, each Clearance System will be deemed to be a single N&C Securityholder and each Clearance System will be requested to divide and deliver such Asset Amounts in accordance with its rules; or
  - (ii) the Asset Amount will be delivered as soon as practicable after the date fixed for redemption (in which case, such date of delivery shall be the Delivery Date) at the risk of such N&C Securityholder in the manner provided in paragraph (a) above. For the avoidance of doubt, in

### *Equity Index/ETF Annex*

such circumstances such N&C Securityholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the date fixed for redemption and no liability in respect thereof shall attach to the Issuer.

- (c) To the extent that the Issuer is not satisfied that the Delivery Expenses have been or will be paid in full by the relevant N&C Securityholder on or prior to the relevant Delivery Date, the Issuer may, in its sole discretion, elect to reduce the Asset Amount(s) to be delivered by an amount(s) which by market value (determined at the time of reduction by reference to such valuation sources as the Issuer determines appropriate) in aggregate is at least equal to the aggregate Delivery Expenses that it determines, in its sole discretion, have not been paid or otherwise accounted for (the Asset Amount as so reduced, the "**Reduced Asset Amount**"). Where the Issuer elects to make such a reduction, in accordance with this Equity Index/ETF Linked Condition 10(A)(4)(c), the Issuer's obligation to deliver the Asset Amount(s) shall be discharged in full by delivery of the Reduced Asset Amount in accordance with the provisions of this Equity Index/ETF Linked Condition 10(A)(4). The provisions of paragraphs (5) and (6) of this Equity Index/ETF Linked Condition 11(A) and the provisions of Equity Index/ETF Linked Condition 10(B) shall apply mutatis mutandis to any such delivery of the Reduced Asset Amount.

- (5) General

For the purpose of determining the Asset Amounts in respect of the N&C Securities, N&C Securities held by the same N&C Securityholder will be aggregated. The aggregate Asset Amount(s) to be delivered in respect of each such aggregated holding will be rounded down to the nearest whole unit of the Relevant Asset (or, where there is more than one type of Relevant Asset, each of the Relevant Assets), as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered but in lieu thereof the Issuer shall pay to the N&C Securityholders in respect of their respective holding an additional amount in the Specified Currency equal to the fair market value of such fraction(s) in such manner as shall be determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and notified to N&C Securityholders in accordance with N&C Security Condition 14 (Notices).

Following the Delivery Date of a ETF Share all dividends on the relevant ETF Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Delivery Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a N&C Securityholder will be paid to the account specified by the N&C Securityholder in the relevant Asset Transfer Notice as referred to in Equity Index/ETF Linked Condition 10(A)(1) or otherwise paid to the relevant Clearance System for the account of N&C Securityholders.

For such period of time after delivery of the Asset Amount as the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the securities comprising the Asset Amount (the "Intervening Period"), none of the Issuer, the Paying Agents, the Registrar or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any N&C Securityholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a N&C Securityholder in respect of any loss or damage which such N&C Securityholder 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 comprised in such Asset Amount or otherwise as specified in the applicable Pricing Supplement.

## *Equity Index/ETF Annex*

(6) Settlement Disruption

If, in the opinion of the Calculation Agent, delivery of the Asset Amount using the method of delivery specified in the applicable Pricing Supplement or such commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on the Delivery Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event unless there is a Settlement Disruption Event on each of the ten (10) Settlement Business Days immediately following the original date that, but for such Settlement Disruption Event, would have been a valid Delivery Date. In that case, (a) if the Asset Amount can be delivered in any other commercially reasonable manner, as determined by the Calculation Agent, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant N&C Security by delivering the Asset Amount using such other commercially reasonable manner as it may select and in such event the Delivery Date shall be the first day on which settlement of a sale of Relevant Assets comprising the Asset Amount executed on that tenth (10) Clearance System Business Day would customarily take place using such other commercially reasonable manner, and (b) if the Relevant Assets comprising the Asset Amount cannot be delivered in any other commercially reasonable manner, then the Delivery Date will be postponed until delivery can be effected in the manner contemplated in the Asset Transfer Notice or in any other commercially reasonable manner, as determined by the Calculation Agent. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Asset Amount, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date. For so long as delivery of the Asset Amount 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 N&C Security by payment to the relevant N&C Securityholder of the Disruption Cash Redemption Amount (as defined below) on the fifth (5th) Business Day following the date that notice of such election is given to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices). Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices). The Calculation Agent shall give notice as soon as practicable to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices) that a Settlement Disruption Event has occurred. No N&C Securityholder shall be entitled to any payment in respect of the relevant N&C Security in the event of any delay in the delivery of the Asset Amount due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

- (7) If any Security represented by a Rule 144A Global N&C Security is to be redeemed by delivery of an Asset Amount, the relevant provisions relating to such delivery shall be as set out in the applicable Pricing Supplement.

(B) Definitions specific to Physical Delivery

"**Agency Agreement**" has the meaning given in the N&C Security Conditions.

"**Asset Amount**" has the meaning specified in the applicable Pricing Supplement.

"**Asset Transfer Notice**" shall mean the notice in the form set out in the Agency Agreement.

"**Disruption Cash Redemption Amount**", in respect of any relevant N&C Security, shall be the Market Value of such N&C Security expressed in the Specified Currency (taking into account any relevant currency exchange rate and, where the Settlement Disruption Event affected some but not all of the Shares comprising the Asset Amount and such non affected Shares have been duly delivered as provided above, the value of such Shares), all as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner.

### *Equity Index/ETF Annex*

"**Equity Index/ETF Cut-Off Date**" has the meaning specified in the applicable Pricing Supplement.

"**Settlement Business Day**" has the meaning specified in the applicable Pricing Supplement.

"**Settlement Disruption Event**" means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Asset Amount(s) using the method specified in the applicable Pricing Supplement.

#### **11. VARIATION OF SETTLEMENT**

This Equity Index/ETF Linked Condition 11 will only apply to N&C Securities that relate to ETF Shares.

If the applicable Pricing Supplement indicates that the Issuer has the option to vary settlement in respect of the N&C Securities, the Issuer may acting in good faith and in a commercially reasonable manner in respect of each such N&C Security give notice pursuant to N&C Security Condition 14 (Notices) no later than the second (2) Business Day prior to the Maturity Date that the N&C Securities shall be (x) Cash Settled N&C Securities instead of Physical Delivery N&C Securities or (y) Physical Delivery N&C Securities instead of Cash Settled N&C Securities and in this case the provisions of Equity Index/ETF Linked Condition 1(b)(A) or (B) (Equity Index/ETF Linked Redemption N&C Securities) respectively shall apply.

## *Funds Annex*

### FUNDS ANNEX

#### ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED SECURITIES

The terms and conditions applicable to Fund Linked N&C Securities shall comprise (a) the General Terms and Conditions of the N&C Securities (the "**N&C Security Conditions**") and the additional Terms and Conditions set out below (the "**Fund Linked Conditions**") or, as the case may be, (b) the General Terms and Conditions of the Warrants (the "**Warrant Conditions**") and the Fund Linked Conditions, in each case, together with the Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Pricing Supplement (together with, (i) the N&C Security Conditions and the Fund Linked Conditions, or (ii) the Warrant Conditions and the Fund Linked Conditions, as the case may be, the "**Conditions**") and, in each case subject to completion and/or amendment in the applicable Pricing Supplement. In the event of any inconsistency between the N&C Security Conditions or Warrant Conditions, as applicable, and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions or Warrant Conditions, as applicable, and/or the Fund Linked Conditions and (ii) the Pricing Supplement, the Pricing Supplement shall prevail. References in the Fund Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "Warrant" and "Warrants" as the context admits and references to "Securityholder" shall be deemed to be references to "N&C Securityholder" or "Warrantholder" as the context admits.

*References below to a numbered N&C Security Condition or Warrant Condition, as the case may be, are to such numbered section of the N&C Security Conditions or Warrant Conditions, as applicable, and references to a numbered Fund Linked Condition are to such numbered section as set out in this Fund Annex.*

*Defined terms used in this Fund Annex or the related section of the Pricing Supplement where the same term may be used in another Annex (e.g. Valuation Date or Averaging Date) shall have the same meanings given in this Fund Annex or in the section of the Pricing Supplement relating to Fund Linked N&C Securities notwithstanding the same terms being used in another Annex or section of the Pricing Supplement.*

#### **1. FUND LINKED N&C SECURITIES**

This Fund Linked Condition 1 will apply to N&C Securities only.

##### **(a) Fund Linked Interest N&C Securities**

Unless previously redeemed or purchased and cancelled in accordance with the N&C Security Conditions or as specified in the applicable Pricing Supplement and subject to this Funds Annex, each Fund Linked Interest N&C Security will bear interest in the manner specified in the applicable Pricing Supplement and the N&C Security Conditions.

##### **(b) Fund Linked Redemption N&C Securities**

Unless previously redeemed or purchased and cancelled, each N&C Security will be redeemed by the Issuer by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement, on the Maturity Date.

If Maturity Date Extension is specified as applying in the applicable Pricing Supplement then, if the Redemption Payment Date in relation to the Valuation Date or last occurring Averaging Date has not occurred on or prior to the second (2nd) Currency Business Day preceding the Scheduled Maturity Date, the Maturity Date shall be postponed and shall occur on the seventh (7th) Currency Business Day following (i) the Redemption Payment Date in relation to the Valuation Date or last occurring Averaging Date or (ii) if earlier, the last day of the Cut-off Period.

#### **2. FUND LINKED WARRANTS**

This Fund Linked Condition 2 will apply to Warrants only.

## *Funds Annex*

If Settlement Date Extension is specified as applying in the applicable Pricing Supplement then, if the Redemption Payment Date in relation to the Valuation Date or last occurring Averaging Date has not occurred on or prior to the second (2nd) Currency Business Day preceding the originally scheduled Settlement Date, the Settlement Date shall be postponed and shall occur on the seventh (7th) Currency Business Day following (i) the Redemption Payment Date in relation to the Valuation Date or last occurring Averaging Date or (ii) if earlier, the last day of the Cut-off Period.

### **3. POTENTIAL ADJUSTMENT EVENTS**

If any Potential Adjustment Event exists or occurs at any time, the Calculation Agent will, in good faith and in a commercially reasonable manner, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of the Fund Interest and, if so, the Issuer may require the Calculation Agent to (i) make the corresponding adjustment(s), if any, to any one or more of (a) in the case of N&C Securities, the Final Redemption Amount and/or (b) the relevant number of units of the Reference Fund and/or any of the other terms of these Fund Linked Conditions, the N&C Security Conditions or Warrant Conditions, as applicable, and/or the applicable Pricing Supplement as the Calculation Agent in good faith and in a commercially reasonable manner determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date(s) of the adjustment(s).

Upon making any such adjustment pursuant to this Fund Linked Condition 3, the Calculation Agent shall give notice as soon as practicable to Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, stating the adjustment to be taken and giving details of the Potential Adjustment Event.

### **4. CONSEQUENCES OF AN EXTRAORDINARY FUND EVENT AND/OR AN ADDITIONAL EXTRAORDINARY FUND EVENT**

If, in the determination of the Calculation Agent, an Extraordinary Fund Event(s) and/or Additional Extraordinary Fund Event(s) has occurred or exists, the Issuer may either:

- (i) require the Calculation Agent to (1) make the corresponding adjustment(s) (each an "**Adjustment**"), if any, to any one or more of (a) in the case of N&C Securities, any Interest Amount, Final Redemption Amount and/or the relevant number of units of the Reference Fund and/or (b) any of the other terms of these Fund Linked Conditions, the N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, and/or the applicable Pricing Supplement as the Calculation Agent in good faith and in a commercially reasonable manner determines appropriate to account for the relevant Extraordinary Fund Event or Additional Extraordinary Fund Event and (2) determine the effective date(s) of the adjustment(s) and such Adjustments may include, without limitation:
  - (A) in the case of N&C Securities, partially cancelling the N&C Securities and determining any partial cancellation amount (if any) in relation thereto;
  - (B) adjusting any method for calculating a Settlement Price or any other relevant level or value;
  - (C) delaying any determination or payment until the Calculation Agent determines that no Extraordinary Fund Event and/or Additional Extraordinary Fund Event exists;
  - (D) replacing an affected Fund Interest (the "**Affected Fund Interest**") with a replacement fund interest (the "**Replacement Fund Interest**") with a value as determined by the Calculation Agent equal to the Removal Value for the Affected Fund Interest and in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Reference Fund in respect of the Affected Fund Interest immediately prior to the occurrence of the Extraordinary Fund Event and/or Additional Extraordinary Fund Event; and/or
  - (E) in the case of N&C Securities, redeeming all, but not some only, of the N&C Securities on an amortised basis by making a series of partial redemption payments, in respect of each N&C Security, each such payment reflecting an N&C Security's *pro rata* share of any partial realisation amount in

## *Funds Annex*

cash or in kind or (b) in the case of Warrants, partially cancelling all, but not some only, of the Warrants by making a series of partial cancellation amount payments, in respect of each Warrant, each such payment reflecting a Warrant's pro rata share of any partial realisation amount in cash or in kind, adjusted, if appropriate, to take account of the economic characteristics of the Warrants, including its option characteristic (in each case, a "**Partial Realisation Amount**") which the Calculation Agent determines would be received by a Hypothetical Investor holding the relevant Fund Interest in circumstances where a Fund Insolvency Event has occurred or exists or a Reference Fund has otherwise determined to make partial payments or deliveries in respect of any Fund Interest which may, without limitation, be made by or on behalf of a Reference Fund to reflect the realisation or liquidation of the Reference Fund's assets or positions.

Each such payment in respect of the Securities shall be made on such date and on such terms following each corresponding receipt of a Partial Realisation Amount by a Hypothetical Investor as the Calculation Agent shall notify to Securityholders. However, where any Partial Realisation Amount is a non-cash amount, the relevant Securities payment shall only be made following such time (if any) as the Calculation Agent determines a Hypothetical Investor could reasonably realise the relevant Partial Realisation Amount for cash proceeds. It should be noted that any such partial payments on the Securities may be significantly delayed (in some cases for a number of years) and may be zero, including in the event the Calculation Agent determines any such realisation could not be reasonably made. Each such partial payment shall be net of a Security's *pro rata* share of any relevant fees, costs or taxes which the Calculation Agent determines a Hypothetical Investor would suffer or would be required to pay in respect of any such realisation of the Fund Interest or a Partial Realisation Amount; or

- (ii) (a) in the case of N&C Securities, redeem all, but not some only, of the N&C Securities, each nominal amount of N&C Securities equal to the Calculation Amount or unit of N&C Securities, as the case may be, being redeemed at the Early Redemption Amount or (b) in the case of Warrants, cancel all, but not some only, of the Warrants, each Warrant being cancelled at the Early Cancellation Amount, in each case on the seventh (7) Currency Business Day following an applicable Redemption Payment Date or, if later following the date as of which the Calculation Agent determines a Hypothetical Investor could reasonably realise the relevant Fund Interest in full, as determined by the Calculation Agent.

If the Calculation Agent replaces an Affected Fund Interest with a Replacement Fund Interest, such replacement shall take effect on the first reasonably practicable date following the Removal Date for such Affected Fund Interest on which the Calculation Agent determines that a Hypothetical Investor could acquire the Replacement Fund Interest in full and the Calculation Agent shall determine all related Adjustments to the Securities to account for such replacement.

Upon making an Adjustment or following any determination by the Issuer to redeem or cancel, as the case may be, the Securities pursuant to this Fund Linked Condition 4, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, stating the adjustment or other action to be taken and giving brief details of the Extraordinary Fund Event and/or Additional Extraordinary Fund Event (as applicable).

## **5. CORRECTION OF FUND INTEREST PRICES**

With the exception of any corrections published after the day which is three (3) Currency Business Days prior to the Maturity Date, in the case of N&C Securities, or Settlement Date, in the case of Warrants, (the "**Correction Cut-off Date**"), if (i) any price published by or on behalf of a Reference Fund with respect to any Fund Interest on a given day and used or to be used by the Calculation Agent to make any determination under the Securities, is subsequently corrected and the correction is published by or on behalf of the Reference Fund after the original publication, or (ii) a Reference Fund with respect to any Fund Interest adjusts the Redemption Proceeds that would have been paid to a Hypothetical Investor redeeming the number of Fund Interest Units or amount of Fund Interest that is subject to valuation, and such adjustment would be reflected in either an additional payment to such Hypothetical Investor, or a claim for repayment of excess Redemption Proceeds made against such Hypothetical Investor, the Calculation Agent may in good faith and in a



## *Funds Annex*

commercially reasonable manner make any relevant Adjustment (as defined in Fund Linked Condition 4 above) to the Conditions or any subsequent amount payable under the Securities to account therefor. Corrections published on or after the Correction Cut-off Date will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

### 6. **DEFINITIONS APPLICABLE TO FUND LINKED SECURITIES**

#### (a) **Principal definitions applicable to the Reference Fund**

**"Fund Documents"** means, with respect to any Fund Interest, each relevant document specified as such in the applicable Pricing Supplement and each relevant prospectus or offering document or any supplement thereto, the constitutive and governing documents, subscription agreements and other agreements of the related Reference Fund specifying the terms and conditions relating to such Fund Interest and any additional fund documents, in each case, as amended from time to time.

**"Fund Interest"** means, subject to adjustment in accordance with these Fund Linked Conditions, an interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest identified as such in the applicable Pricing Supplement.

**"Fund Interest Unit"** means, unless otherwise specified in the applicable Pricing Supplement, in respect of a Fund Interest in a Reference Fund, a share of such Fund Interest or, if Fund Interests in such Reference Fund are not denominated as shares, a notional unit of account of ownership of such Fund Interest in such Reference Fund in the amount specified in the applicable Pricing Supplement provided that if no such amount is so specified, then the entire amount of Fund Interest in which the Hypothetical Investor is deemed to invest on the relevant Reference Fund Subscription Date shall be a single Fund Interest Unit. In relation to a Fund Interest Unit or Fund Interest, unless otherwise specified in the applicable Pricing Supplement, a Settlement Price shall be determined by reference to the value of such Fund Interest Unit or Fund Interest, as determined by the Calculation Agent, and Reported Value Method or Deemed Payout Method shall be deemed to be applicable as specified in the applicable Pricing Supplement.

**"Reference Fund"** means, subject to adjustment in accordance with these Fund Linked Conditions and in respect of a Fund Interest, unless otherwise specified in the applicable Pricing Supplement, the issuer of, or other legal arrangement giving rise to, the relevant Fund Interest.

#### (b) **Definitions applicable to Reference Fund Management/Administration**

**"Fund Administrator"** means, in respect of a Reference Fund, any person specified as such in the applicable Pricing Supplement or if no person is so specified, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Reference Fund according to the Fund Documents.

**"Fund Adviser"** means, in respect of a Reference Fund, any person specified as such in the applicable Pricing Supplement or if no person is so specified, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non discretionary investment adviser to a discretionary investment manager or to another non discretionary investment manager) for such Reference Fund.

**"Fund Custodian"** means, in respect of a Reference Fund, any person specified as such in the applicable Pricing Supplement or, if no person is so specified, any entity specified in the relevant Fund Documents which is responsible for the custody of the assets of the relevant Reference Fund.

**"Fund Service Provider"** means, in respect of any Reference Fund, any person who is appointed to provide services, directly or indirectly, in respect of that Reference Fund, whether or not specified in the Fund Documents, including any Fund Adviser, Fund Administrator, operator, management company, depositary, custodian, sub custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent, auditor and any other person specified as such in the applicable Pricing Supplement.

## *Funds Annex*

### (c) **Principal definitions applicable to Valuation**

**"Averaging Date"** means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Pricing Supplement or (i) in respect of any Fund Interest for which Reported Value Method is applicable, if such date is not a Fund Business Day, the next following Fund Business Day and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, if such day is not a Currency Business Day, the next following Currency Business Day.

**"Currency Business Day"** means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant Specified Currency or, if the Specified Currency is euro, any day on which TARGET2 is open.

**"Cut-off Period"** means, in respect of any Valuation Date or Averaging Date, as the case may be, the period specified as such in the applicable Pricing Supplement, or if no such period is specified, a period of one calendar year ending on the first anniversary of such Valuation Date or Averaging Date, as the case may be; provided that if a "Final Cut-off Date" is specified in the applicable Pricing Supplement, then any Cut-off Period that would otherwise end after such Final Cut-off Date shall end on such Final Cut-off Date.

**"Final Cut-off Date"** means the date, if any, specified as such in the applicable Pricing Supplement.

**"Final Valuation Date"** means the date specified as a Final Valuation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be, (a) in the case of N&C Securities, a Valuation Date for the purposes of determining any Maturity Date Extension pursuant to Fund Linked Condition 1 and/or the consequences of any such day not being a Fund Business Day or a Currency Business Day and (b) in the case of Warrants, a Valuation Date for the purposes of determining a Settlement Date Extension pursuant to Fund Linked Condition 2 and/or the consequences of any such day not being a Fund Business Day or a Currency Business Day.

**"Fund Business Day"** means any day specified as such in the applicable Pricing Supplement or, otherwise, any day the Reference Fund or the primary Fund Administrator, acting on behalf of the Reference Fund, is open for business.

**"Fund Valuation Date"** means, with respect to any Fund Interest and a Valuation Date or Averaging Date, as applicable, a date as of which the related Reference Fund (or a Fund Service Provider that generally determines such value) determines the value of such Fund Interest or, if the related Reference Fund only reports its aggregate net asset value, a date as of which such Reference Fund determines its aggregate net asset value in relation to such Valuation Date or Averaging Date, as applicable.

**"Hypothetical Investor"** means, unless otherwise specified in the applicable Pricing Supplement, with respect to any Fund Interest, a hypothetical investor in such Fund Interest located in the Hypothetical Investor Jurisdiction and deemed: (i) to have the benefits and obligations, as provided under the Fund Documents, of an investor holding, as of the related Reference Fund Subscription Date, an interest in the relevant Reference Fund in an amount equal to the number of Fund Interest Units or amount of the Fund Interest; (ii) in the case of any deemed investment in such Fund Interest, to have submitted, on the relevant Subscription Notice Date, a duly completed notice to the relevant Reference Fund, requesting subscription to the relevant number of Fund Interest Units or amount of the Fund Interest; and (iii) in the case of any deemed redemption of such Fund Interest or amount of the Fund Interest, to have submitted to the relevant Reference Fund on the relevant Redemption Notice Date a duly completed notice requesting redemption of the relevant number of Fund Interest Units or amount of the Fund Interest.

**"Hypothetical Investor Jurisdiction"** means the jurisdiction of organisation or formation, as applicable, of the relevant Hedging Party, unless otherwise specified in the applicable Pricing Supplement.

**"Initial Valuation Date"** means the date specified as an Initial Valuation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be, (a) in the case of N&C Securities a Valuation Date for the purposes of determining any Maturity Date Extension pursuant to Fund Linked Condition 1 and/or the consequences of any such day not being a Fund Business Day or a Currency Business Day and (b)

## ***Funds Annex***

in the case of Warrants, a Valuation Date for the purposes of determining a Settlement Date Extension pursuant to Fund Linked Condition 2 and/or the consequences of any such day not being a Fund Business Day or a Currency Business Day.

**"Observation Period"** means the period specified as the Observation Period in the applicable Pricing Supplement.

**"Redemption Notice Date"** means, with respect to any Fund Interest and any Valuation Date or Averaging Date, the date specified as such in the applicable Pricing Supplement, or if no such date is specified, the last date on which a Hypothetical Investor in such Fund Interest would be permitted, pursuant to the Fund Documents of the related Reference Fund, to submit a redemption notice that would be timely for a redemption as of the relevant Valuation Date or Averaging Date, as applicable.

**"Redemption Payment Date"** means, with respect to any Fund Interest and any Valuation Date or Averaging Date, as applicable, each date on which the related Reference Fund actually pays all or the specified portion of the Redemption Proceeds to a Hypothetical Investor that has submitted a timely and valid notice for redemption of such Fund Interest as of such Valuation Date or Averaging Date, as applicable.

**"Redemption Proceeds"** means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest, the redemption proceeds, as determined by the Calculation Agent, that would be paid by the related Reference Fund to a Hypothetical Investor who, as of the relevant Valuation Date or Averaging Date, as applicable, redeems such amount of such Fund Interest; provided that (i) any such proceeds that would be paid in property other than cash shall be valued by the Calculation Agent in good faith and in a commercially reasonable manner by reference to such source(s) as it determines appropriate (and may be assigned the value of zero) and (ii) if the Hypothetical Investor would be entitled to elect payment of such redemption proceeds to be made either in the form of cash or other property, the Hypothetical Investor shall be deemed to have elected cash payment, except as otherwise specified in the applicable Pricing Supplement.

**"Reference Fund Subscription Date"** means the date specified as such in the applicable Pricing Supplement or, if no such date is specified, with respect to any Fund Interest, the day as of which a request by a Hypothetical Investor for subscription to such Fund Interest that has been submitted on the related Subscription Notice Date and in a form and substance acceptable to the related Reference Fund would be considered effective by the Reference Fund.

**"Reported Fund Interest Value"** means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest and a Valuation Date or Averaging Date, as applicable, relating to such Fund Interest, the value of such number of Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date or, if the related Reference Fund reports only its aggregate net asset value, the portion of such Reference Fund's aggregate net asset value relating to such number of Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date, in each case as reported on the related Fund Reporting Date by (i) the Fund Service Provider that generally reports such value on behalf of the Reference Fund to its investors or a publishing service (ii) the Fund Administrator or (iii) any other relevant entity, as determined by the Calculation Agent in good faith and in a commercially reasonable manner, unless otherwise specified in the applicable Pricing Supplement.

**"Scheduled Observation Date"** means the date specified as a Scheduled Observation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be deemed to be, (a) in the case of N&C Securities a Valuation Date for the purposes of determining any Maturity Date Extension pursuant to Fund Linked Condition 1 and/or the consequences of any such day not being a Fund Business Day or a Currency Business Day and (b) in the case of Warrants, a Valuation Date for the purposes of determining a Settlement Date Extension pursuant to Fund Linked Condition 2 and/or the consequences of any such day not being a Fund Business Day or a Currency Business Day.

**"Settlement Price"** means, in relation to a Valuation Date or Averaging Date, as the case may be, in respect of a Fund Interest, the price per related Fund Interest Unit determined by the Calculation Agent either as provided in the applicable Pricing Supplement, or otherwise either:

- (i) in respect of any Fund Interest to which the Reported Value Method is applicable, the Settlement Price shall be the Reported Fund Interest Value per related Fund Interest Unit determined in relation to the Valuation Date or Averaging Date, as the case may be *provided that* the Calculation Agent may in good faith and in a commercially reasonable manner: (A) adjust the Reported Fund Interest Value to reflect, without duplication, the relevant

## *Funds Annex*

portion per Fund Interest Unit of: (x) such fees and costs as would be charged to the Hypothetical Investor pursuant to the Fund Documents, (y) such other fees as are specified as 'Redemption Fees' in the applicable Pricing Supplement, and (z) the Redemption Proceeds relating to such Fund Interest Unit, in each case in connection with a deemed redemption as of the relevant Valuation Date or Averaging Date, as the case may be, of all Fund Interest Units that are subject to valuation; and (B) if the Calculation Agent determines that no adjustment that it could make under (A) will produce a commercially reasonable result, it may elect that Deemed Payout Method shall apply; and

- (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, the Settlement Price per Fund Interest Unit in respect of a Valuation Date or Averaging Date, as the case may be, shall be an amount equal to the Redemption Proceeds relating to such Fund Interest Unit that would be received by the Hypothetical Investor in such Fund Interest in connection with a redemption of all Fund Interest Units that are subject to valuation during the relevant Cut-off Period in relation to such Valuation Date or Averaging Date, as the case may be.

**"Subscription Notice Date"** means, with respect to any Fund Interest and any Reference Fund Subscription Date, the date specified as such in the applicable Pricing Supplement or, if no such date is specified, the last date on which a notice to subscribe to such Fund Interest may be submitted pursuant to the Fund Documents of the related Reference Fund and be considered effective as of such Reference Fund Subscription Date. If the applicable Pricing Supplement does not specify a Subscription Notice Date or a Reference Fund Subscription Date, the Subscription Notice Date shall be deemed to be the Trade Date.

**"Trade Date"** means the date as specified in the applicable Pricing Supplement.

**"Valuation Date"** means (i) in respect of any Fund Interest to which Reported Value Method is applicable, each date specified as such or otherwise determined as provided in the applicable Pricing Supplement (or, if such date is not a Fund Business Day, the next following Fund Business Day); and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, each date specified as such or otherwise determined as provided in the applicable Pricing Supplement (or, if such date is not a Currency Business Day, the next following Currency Business Day).

**(d) Other Definitions applicable to Valuation**

**"Fund Reporting Date"** means, with respect to any Fund Interest and Fund Valuation Date, the date on which the Reported Fund Interest Value of such Fund Interest, as determined as of such Fund Valuation Date, is reported or published.

**"Redemption Valuation Date"** means, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) would determine the net asset value of such Fund Interest for purposes of calculating the Redemption Proceeds to be paid to a Hypothetical Investor that had submitted a valid notice for redemption on or before the related Redemption Notice Date.

**"Scheduled Fund Valuation Date"** means, with respect to any Fund Interest, a date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the value of such Fund Interest or, if the related Reference Fund only reports its aggregate net asset value, the date as of which the Reference Fund is scheduled to determine aggregate net asset value.

**"Scheduled Redemption Payment Date"** means the date specified as such in the applicable Pricing Supplement or if no date is so specified, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date by which the related Reference Fund is scheduled to have paid, according to its Fund Documents, all or a specified portion of the Redemption Proceeds to a Hypothetical Investor that has submitted a timely and valid notice requesting redemption of such Fund Interest as of such Scheduled Redemption Valuation Date.

**"Scheduled Redemption Valuation Date"** means, with respect to any Fund Interest, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund

## ***Funds Annex***

Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date. The Scheduled Redemption Valuation Date relating to any Valuation Date or Averaging Date, as the case may be, shall be the date specified as such in the applicable Pricing Supplement, or if no such date is specified, the Scheduled Redemption Valuation Date occurring (i) if the Reported Value Method is applicable, on such Valuation Date or Averaging Date, as the case may be, or if no Scheduled Redemption Valuation Date is occurring on such Valuation Date or Averaging Date, the immediately preceding Scheduled Redemption Valuation Date, or (ii) if Deemed Payout Method is applicable, the Scheduled Redemption Valuation Date for which the Scheduled Redemption Payment Date falls on or immediately prior to such Valuation Date or Averaging Date.

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

**"Settlement Cycle"** means the period specified as such in the applicable Pricing Supplement, or, if no period is so specified, (i) in respect of any Fund Interest to which Reported Value Method is applicable, the period of Currency Business Days from, and including, any Scheduled Redemption Valuation Date to, and including, the related Scheduled Redemption Payment Date, and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, two (2) Currency Business Days.

**"Valid Date"** means: (i) in respect of Fund Interests to which Reported Value Method is applicable, a Fund Business Day; and (ii) in respect of Fund Interests to which Deemed Payout Method is applicable, a Currency Business Day, in each case that is not a Fund Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.

**"Valuation Time"** means the time specified as such in the applicable Pricing Supplement or, if no such time is specified, (i) in respect of a Fund Interest to which Reported Value Method is applicable, the time as of which the Reported Fund Interest Value is determined, and (ii) in respect of a Fund Interest to which Deemed Payout Method is applicable, the close of business in the Hypothetical Investor Jurisdiction on the relevant Valuation Date or Averaging Date, as the case may be.

### **(e) Other Definitions, including Definitions applicable to Disruption**

**"Additional Extraordinary Fund Event"** means any event specified as such in the applicable Pricing Supplement. The Calculation Agent shall make all determinations in respect of Additional Extraordinary Fund Events, including decisions as to materiality, in good faith and in a commercially reasonable manner.

**"Adviser Resignation Event"** means, in respect of any Reference Fund, (i) the resignation, termination, or replacement of a Fund Adviser, any Fund Service Provider or (ii) the resignation, replacement or death of any Key Person or cessation or termination of any Key Person's appointment by or employment with the Reference Fund or any relevant entity in relation to the Reference Fund, in each case unless immediately replaced by another adviser or service provider acceptable to the Calculation Agent.

**"Change in Law"** means that, on or after the Trade Date, (i) due to the adoption of or any change in any applicable law or regulation, including without limitation, any tax law, or (ii) 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, acting in good faith and in a commercially reasonable manner, that (A) it has become illegal for the Hedging Party to hold, acquire or dispose of Fund Interests; or (B) the Hedging Party will incur a materially increased cost in performing its obligations in respect of hedging arrangements in relation to the Securities (including without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"De-Listing"** means, in respect of any Fund Interest Units which are listed on any stock exchange (an "Exchange"), the relevant Exchange announces that pursuant to the rules of such Exchange, such Fund Interests Units cease (or will cease) to be listed, traded or publicly quoted on that Exchange for any reason and are not immediately re-listed, re-traded or re-

## *Funds Annex*

quoted on an exchange or quotation system located in the same country as that Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

**"Extraordinary Dividend"** means an amount per relevant Fund Interest Unit or other amount of Fund Interest which the Calculation Agent determines appropriate to characterise as an extraordinary dividend.

**"Extraordinary Fund Event"** means, Nationalisation, Insolvency, Fund Insolvency Event, Adviser Resignation Event, Strategy Breach, Reporting Disruption, Change in Law, Fund Modification, Fund Hedging Disruption, Increased Cost of Hedging, Regulatory Action, Fund Disruption Event, Fund Adviser Event, Fund Service Provider Event, Fund Administrator Disruption, Holding Ratio Change, Merger Event, De-Listing, NAV Trigger Event, Notice Period Extension, Related Agreement Termination and/or any other event which, as determined in good faith and in a commercially reasonable manner by the Calculation Agent, has an analogous effect to any of the events specified above. The Calculation Agent shall make all determinations, including decisions as to materiality, in good faith and in a commercially reasonable manner.

**"Fund Administrator Disruption"** means any event or circumstances compromising the independence of a Fund Administrator from the relevant Fund Adviser.

**"Fund Adviser Event"** means that the Calculation Agent determines that over a period of twelve (12) months, the total value of the assets managed by the Fund Adviser (including in relation to the Reference Fund) has decreased by fifty per cent. (50%) (either due to redemptions or decrease in the value of such assets or otherwise).

**"Fund Disrupted Day"** means any day on which a Fund Disruption Event has occurred or is continuing.

**"Fund Disruption Event"** means, unless otherwise specified in the applicable Pricing Supplement, in respect of any Fund Interest, the occurrence or existence of a Fund Valuation Disruption or a Fund Settlement Disruption.

**"Fund Hedging Disruption"** means, with respect to a Fund Linked Security, that the Hedging Party is unable, or it is impractical for the Hedging Party, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to such Fund Interest of entering into and performing its obligations with respect to such Fund Linked Security, or (ii) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by the relevant Reference Fund on any investor's ability to redeem the Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (B) any mandatory redemption, in whole or in part, of such Fund Interest imposed by the relevant Reference Fund (in each case other than any restriction in existence on the date on which such Fund Interest was first included as a Fund Interest in relation to the Securities).

**"Fund Insolvency Event"** means any Fund Interest or related Reference Fund or any Fund Service Provider, as applicable, (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (ii) makes a general assignment or arrangement with or for the benefit of the creditors; (iii) (A) institutes or has instituted against it, by a regulator, supervisor or any other 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, 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 by it or such regulator, supervisor or other similar official, or (B) 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 such proceeding or petition is instituted or presented by a person or entity not described in (A) above and either (x) 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 (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (iv) 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; (v) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process

## *Funds Annex*

levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter, or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) through (v) above.

**"Fund Modification"** means any change or modification of the related Fund Documents that could reasonably be expected to affect the value of such Fund Interest or the rights or remedies of any holders thereof (in each case as determined by the Calculation Agent) from those prevailing on the date the relevant Fund Interest was first included as a Fund Interest in relation to the Securities.

**"Fund Service Provider Event"** means (i) a change of control or indirect control of any Fund Service Provider or (ii) in the reasonable opinion of the Calculation Agent, a Fund Service Provider is no longer able to carry out its business with the standard of care which was prevailing as of the Trade Date. For the purpose of this definition, **"control"** has the same meaning as in the definition of "Affiliate" in N&C Security Condition 7.14 (in the case of N&C Securities) or in Warrant Condition 6.3 (in the case of Warrants).

**"Fund Settlement Disruption"** means, in respect of a Fund Interest and any day, a failure by the Reference Fund to pay all or part of the full amount (whether expressed as a percentage or otherwise) of the Redemption Proceeds with respect to the relevant number of Fund Interest Units or amount of such Fund Interest scheduled to have been paid on or by such day according to the Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests).

**"Fund Valuation Disruption"** means the failure of a Valuation Date or Averaging Date, as applicable, to be a valuation date in respect of the Fund Interest or any continued postponement of such valuation date.

**"Hedging Party"** means at any relevant time, the Issuer or any of its Affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the Securities as the Issuer may select at such time.

**"Holding Ratio Change"** means the reduction of the Reference Fund's aggregate net asset value under an amount that, in the determination of the Calculation Agent, has, or is likely to have, a material adverse effect on the performance or management of the Reference Fund or would increase the proportion of the Fund Interest Units held, or likely to be held, by the Hedging Party, to the extent that the full redemption of the Fund Interest Units held by the Hedging Party is likely to be delayed or become subject to "gating" by the Reference Fund.

**"Increased Cost of Hedging"** means that the Hedging Party 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 (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest of entering into and performing its obligations with respect to hedging arrangements in relation to the Securities; or (ii) realise, recover, 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 Hedging Party shall not be deemed an Increased Cost of Hedging.

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Reference Fund, (i) all the Fund Interests of that Reference Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Fund Interests of that Reference Fund become legally prohibited from transferring or redeeming them.

**"Key Person"** means, in relation to a Reference Fund, each person specified as such in the applicable Pricing Supplement.

**"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.

## *Funds Annex*

**"Merger Event"** means, in respect of any relevant Fund Interest Units, or Reference Fund (as applicable), any:

- (i) reclassification or change of such Fund Interest Units that results in a transfer of or an irrevocable commitment to transfer all of such Fund Interest Units outstanding to another entity or person;
- (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Reference Fund with or into another entity or person;
- (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. (100%) of the outstanding Fund Interest Units of the relevant Reference Fund that results in a transfer of or an irrevocable commitment to transfer all such Fund Interest Units (other than such Fund Interest Units owned or controlled by such other entity or person); or
- (iv) consolidation, amalgamation, merger or binding share exchange of the Reference Fund or its subsidiaries, as the case may be, with or into another entity in which the Reference Fund is the continuing entity and which does not result in a reclassification or change of all such Fund Interest Units outstanding but results in the outstanding Fund Interest Units (other than Fund Interest Units owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. (50%) of the outstanding Fund Interest Units immediately following such event,

in each case if the Merger Date is on or before the last occurring Valuation Date and/or last occurring Averaging Date.

**"Nationalisation"** means that all the Fund Interests or all or substantially all the assets of a Reference Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"NAV Trigger Event"** means, in respect of any Fund Interest, that (i) the Reported Fund Interest Value has decreased by 30.00 per cent. or more since the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date, or (ii) the related Reference Fund has violated any leverage restriction that is applicable to, or affecting, such Reference Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Reference Fund or any of its assets.

**"Notice Period Extension"** means, in respect of any Reference Fund, any increase in the notice period in respect of subscription for, or redemption of Fund Interest Units or a decrease in the frequency with which Fund Interest Units can be redeemed or subscribed for.

**"Potential Adjustment Event"** means any of the following:

- (i) a subdivision, consolidation or reclassification of the relevant number of Fund Interest Units or amount of Fund Interest, or a free distribution or dividend of any such Fund Interest to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Fund Interest of (A) an additional amount of such Fund Interest, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Fund Interest, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Fund as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;



## *Funds Annex*

- (iv) a repurchase by the Reference Fund of relevant Fund Interests whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Interests initiated by an investor in such Fund Interests that is consistent with the Fund Documents; or
- (v) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of Fund Interest.

**"Regulatory Action"** means, with respect to any Fund Interest:

- (i) any cancellation, suspension or revocation of the registration or approval of such Fund Interest or the related Reference Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Reference Fund;
- (ii) any change in the legal, tax, accounting, or regulatory treatments of the relevant Reference Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of such Fund Interest or on any investor therein (as determined by the Calculation Agent); or
- (iii) the related Reference Fund or any of its Fund Administrator or Fund Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Reference Fund, Fund Administrator or Fund Adviser.

**"Related Agreement"** means any existing agreement or arrangement relating to (i) hedging arrangements in connection with the Securities, or (ii) any other arrangements the Reference Fund or any Fund Service Provider has with the Issuer and/or Hedging Party and any such agreement or arrangement may relate to, without limitation, dealing fees, liquidity or licensing.

**"Related Agreement Termination"** means the Reference Fund or any Fund Service Provider in respect of such Reference Fund is in breach of or has terminated any Related Agreement.

**"Removal Date"** means, in respect of an Affected Fund Interest, the date on which the Calculation Agent determines that a Hypothetical Investor would receive the Removal Value in respect of a redemption or realisation of such Affected Fund Interest (including any related non-monetary assets as referred to in the definition of Removal Value) effected as soon as reasonably practicable following the occurrence of the relevant Extraordinary Fund Event or Additional Extraordinary Fund Event, as applicable.

**"Removal Value"** means, in respect of an Affected Fund Interest, the amount that the Calculation Agent determines a Hypothetical Investor would receive on the redemption or realisation of such Affected Fund Interest following the occurrence of the relevant Extraordinary Fund Event or Additional Extraordinary Fund Event, as applicable Provided That if any such redemption proceeds would comprise non-monetary assets the Removal Value shall include the amount (if any) that the Calculation Agent determines would be received by the Hypothetical Investor in respect of a realisation (in whatsoever manner the Calculation Agent determines appropriate) of such non-monetary assets as soon as reasonably practicable after their receipt.

**"Reporting Disruption"** means, in respect of any Fund Interest, (i) occurrence of any event affecting such Fund Interest that, as determined in good faith and in a commercially reasonable manner by the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest for the purposes of and at such time as the Calculation Agent is required to make such determination under the Securities (ii) any failure of the related Reference Fund to deliver, or cause to be delivered, (A) information that such Reference Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, or (B) information that has been previously delivered to the Calculation Agent, in accordance with such Reference Fund's, or its authorised representative's, normal practice and that the Calculation Agent deems necessary for it to monitor such Reference Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Fund Interests.

***Funds Annex***

"**Strategy Breach**" means any breach or violation of any strategy or investment guidelines stated in the related Fund Documents or any Related Agreement or otherwise published or notified by or on behalf of the Reference Fund or Fund Adviser, that is reasonably likely to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent).

## *Credit Annex*

### CREDIT ANNEX

#### ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED N&C SECURITIES

*The terms and conditions applicable to Credit Linked N&C Securities shall comprise the General Terms and Conditions of the N&C Securities (the "N&C Security Conditions"), the additional Terms and Conditions set out below (the "Credit Linked Conditions") and the Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Pricing Supplement (together with the N&C Security Conditions and the Credit Linked Conditions, the "Conditions"), in each case subject to completion and/or amendment in the applicable Pricing Supplement. In the event of any inconsistency between the N&C Security Conditions and the Credit Linked Conditions, the Credit Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions and/or the Credit Linked Conditions and (ii) the Pricing Supplement, the Pricing Supplement shall prevail. Where Restructuring is specified in the applicable Pricing Supplement as being an applicable Credit Event and Credit Linked Condition 15 (Credit Event Notice after Restructuring Credit Event) is applicable, there may be more than one Credit Event Determination Date in respect of the same Reference Entity as further described in Credit Linked Condition 15 (Credit Event Notice after Restructuring Credit Event) below. In addition, in the case of a Portfolio Credit Linked N&C Security or a Portfolio Maturity Settled Credit Linked N&C Security, there may be multiple Credit Event Determination Dates, but, other than as set out in the preceding sentence, only one Credit Event Determination Date in respect of each Reference Entity. A Credit Event Determination Date in respect of more than one Reference Entity may occur on any one date. For the avoidance of doubt, the provisions set out in these Credit Linked Conditions set out the mechanics that apply in respect of one Reference Entity and where applicable, shall apply severally to each Reference Entity for a Portfolio Credit Linked N&C Security or a Portfolio Maturity Settled Credit Linked N&C Security. References below to a numbered N&C Security Condition are to such numbered section of the N&C Security Conditions and references to a numbered Credit Linked Condition are to such numbered section as set out in this Credit Annex.*

*Defined terms used in this Credit Annex or the related section of the Pricing Supplement where the same term may be used in another Annex (e.g. Valuation Date) shall have the meanings given in this Credit Annex or in the section of the Pricing Supplement relating to Credit Linked N&C Securities.*

*Unless otherwise stated in these Credit Linked Conditions or in the applicable Pricing Supplement, in the event that any day specified in the "Credit Linked Redemption N&C Securities" section of the applicable Pricing Supplement or the last day of any period calculated by reference to calendar days falls on a day that is not a Business Day, such day or last day shall be subject to adjustment in accordance with the applicable Business Day Convention.*

*For the avoidance of doubt, the Credit Linked Conditions shall not apply to Warrants.*

#### **1. REDEMPTION OF CREDIT LINKED N&C SECURITIES**

Unless previously redeemed in whole or purchased and cancelled and subject to the provisions of this Annex, each nominal amount of N&C Securities equal to the Calculation Amount will be redeemed by the Issuer at its Outstanding Redemption Amount (which may be zero) on the Maturity Date.

For the purposes of Credit Linked N&C Securities, "**Maturity Date**" means the latest to occur of:

- (i) the Scheduled Maturity Date;
- (ii) the last Credit Event Redemption Date capable of occurring;
- (iii) the last Physical Settlement Date or Final Delivery Date capable of occurring;
- (iv) the last Partial Cash Settlement Date capable of occurring;
- (v) the fifth (5th) Business Day following the last Repudiation/Moratorium Evaluation Date capable of occurring;
- (vi) the last Grace Period Extension Date capable of occurring;

## *Credit Annex*

- (vii) the fifth (5th) Business Day following the last DC Cut-off Date capable of occurring; and
- (viii) the last Postponed Maturity Date capable of occurring.

If Conditions to Settlement are satisfied then (subject as provided in Credit Linked Condition 4 (Auction Settlement) and Credit Linked Condition 23 (Variation of Settlement)) (i) if Cash Settlement is specified in the applicable Pricing Supplement, the provisions of Credit Linked Condition 2 (Cash Settlement) shall apply, (ii) if Physical Delivery is specified in the applicable Pricing Supplement, the provisions of Credit Linked Condition 3 (Physical Settlement) shall apply or (iii) if Auction Settlement is specified in the applicable Pricing Supplement, the provisions of Credit Linked Condition 4 (Auction Settlement) shall apply, in each case, in respect of the relevant Credit Event.

### **2. CASH SETTLEMENT**

Subject as provided in these Credit Linked Conditions, if Conditions to Settlement are satisfied and (i) Cash Settlement is specified as the applicable Settlement Method in the applicable Pricing Supplement or (ii) Credit Linked Condition 4(A) below applies, the Issuer shall give notice (such notice a "**Cash Settlement Notice**") to the Securityholders in accordance with N&C Security Condition 14 (Notices) such notice to include the details of the relevant Reference Entity, and:

- (a) in respect of N&C Securities which are not Portfolio Maturity Settled Credit Linked N&C Securities, redeem the Credit Event Portion of all but not some only of the N&C Securities and pay in respect of each unit or nominal amount of N&C Securities equal to the Calculation Amount, the Credit Event Redemption Amount specified in, or determined in the manner specified in the applicable Pricing Supplement on the Credit Event Redemption Date; or
- (b) in respect of N&C Securities which are Portfolio Maturity Settled Credit Linked N&C Securities, redeem the aggregate of all Credit Event Portions (determined to and including the Maturity Date) of all but not some only of the N&C Securities and pay in respect of each unit or nominal amount of N&C Securities equal to the Calculation Amount, an amount equal to the aggregate of all Credit Event Redemption Amounts (determined to and including the Maturity Date) specified in, or determined in the manner specified in the applicable Pricing Supplement on the Maturity Date.

For the avoidance of doubt settlement in accordance with this Credit Linked Condition 2 (as provided above) shall occur upon satisfaction of the Conditions to Settlement notwithstanding that the related Cash Settlement Notice may be given later, and in some cases significantly later, than the Credit Event Determination Date.

Unless (i) otherwise stated in the applicable Pricing Supplement or (ii) the Securities are Portfolio Credit Linked N&C Securities or Portfolio Maturity Settled Credit Linked N&C Securities, subject as provided in these Credit Linked Conditions if (a) First to Default is specified as applicable in the applicable Pricing Supplement and (b) more than one Reference Entity is specified in the applicable Pricing Supplement, a Credit Event Determination Date may only occur and a Cash Settlement Notice may only be delivered on one occasion. If Conditions to Settlement are satisfied in respect of more than one Reference Entity on the same date other than in the case of Portfolio Credit Linked N&C Securities or Portfolio Maturity Settled Credit Linked N&C Securities, the Calculation Agent shall determine which Reference Entity is the Reference Entity in respect of which a Credit Event Determination Date shall occur.

If the N&C Securities are partially redeemed, each relevant N&C Security or, if the N&C Securities are represented by a Global N&C Security, such Global N&C Security, shall be endorsed to reflect such part redemption. If the Calculation Agent, at any time, determines that the aggregate nominal amount of the N&C Securities is thereby reduced to zero, the Issuer's obligations in respect of such N&C Securities shall immediately be discharged and the Issuer shall have no further liability in respect thereof.

***If Conditions to Settlement are satisfied and the N&C Securities become redeemable in whole or in part in accordance with this Credit Linked Condition 2, upon payment of the Credit Event Redemption Amount(s) in respect of the N&C Securities, the Issuer shall have discharged its obligations in respect of the relevant Credit Event Portion of the N&C Securities and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption***

## *Credit Annex*

*Amount may be less than the Calculation Amount of a N&C Security. Any shortfall shall be borne by the Securityholders and no liability shall attach to the Issuer or the Guarantor.*

### 3. PHYSICAL SETTLEMENT

Subject as provided in these Credit Linked Conditions, if Conditions to Settlement are satisfied and (i) Physical Delivery is specified as the applicable Settlement Method in the applicable Pricing Supplement or (ii) Credit Linked Condition 4(B) below applies, the Issuer shall, following receipt of a Calculation Agent Physical Settlement Notice, give notice (such notice a "**Notice of Physical Settlement**") to the Securityholders, in accordance with N&C Security Condition 14 (Notices), such notice to include the details of the relevant Reference Entity, and redeem the Credit Event Portion of all but not some only of the N&C Securities and Deliver in respect of each unit or nominal amount of N&C Securities equal to the Calculation Amount, the Deliverable Obligations comprising the Asset Amount on the Physical Settlement Date, subject to and in accordance with Credit Linked Conditions 9 (Maturity Date Extension) and 10 (Physical Delivery).

If the N&C Securities are partially redeemed, each relevant N&C Security or, if the N&C Securities are represented by a Global N&C Security, such Global N&C Security, shall be endorsed to reflect such part redemption. If the Calculation Agent, at any time, determines that the aggregate nominal amount of the N&C Securities is thereby reduced to zero, the Issuer's obligations in respect of such N&C Securities shall immediately be discharged and the Issuer shall have no further liability in respect thereof.

For the avoidance of doubt settlement in accordance with this Credit Linked Condition 3 (as provided above) shall occur upon satisfaction of the Conditions to Settlement notwithstanding that the related Notice of Physical Settlement may be given later, and in some cases significantly later, than the Credit Event Determination Date.

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.

The Issuer may, from time to time, amend a Notice of Physical Settlement by delivering a notice to Securityholders in accordance with N&C Security Condition 14 (Notices) (each such notification, a "**Physical Settlement Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date of such Physical Settlement Amendment Notice). A Physical Settlement Amendment Notice shall specify each replacement Deliverable Obligation that the Issuer will, subject to Credit Linked Condition 10 (Physical Delivery), Deliver (each, a "**Replacement Deliverable Obligation**") and shall also specify the Outstanding Principal Balance or Due and Payable Amount (determined on the same basis as in the definition of Asset Amount) of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, that is being replaced or the equivalent Currency Amount of any such amount (with respect to each such Deliverable Obligation, the "**Replaced Deliverable Obligation Outstanding Amount**"). The Replacement Deliverable Obligation(s), taken together, shall have an aggregate Replaced Deliverable Obligation Outstanding Amount at least equal to the Outstanding Principal Balance(s) and/or Due and Payable Amount(s) (or the equivalent Currency Amount(s) of any such amount(s)) of the Deliverable Obligations being replaced. Each such Physical Settlement Amendment Notice must be delivered on or prior to the Physical Settlement Date (determined without reference to any change resulting from such Physical Settlement Amendment Notice). Notwithstanding the foregoing, the Issuer may correct any errors or inconsistencies contained in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, by notice to Securityholders (in accordance with N&C Security Condition 14 (Notices) prior to the relevant Delivery Date; it being understood that such notice of correction shall not constitute a Physical Settlement Amendment Notice.

If "Restructuring Maturity Limitation and Fully Transferable Obligation" is specified as applying in the applicable Pricing Supplement 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 applicable Restructuring Maturity Limitation Date.

## *Credit Annex*

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applying in the applicable Pricing Supplement 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 N&C Securities become redeemable in whole or in part in accordance with this Credit Linked Condition 3, upon Delivery of the Deliverable Obligations Deliverable and/or payment of the Partial Cash Settlement Amounts, as the case may be, the Issuer shall have discharged its obligations in respect of the relevant Credit Event Portion of the N&C Securities and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Partial Cash Settlement Amount may be less than the Calculation Amount of a N&C Security. Any shortfall shall be borne by the Securityholders and no liability shall attach to the Issuer or the Guarantor.*

#### **4. AUCTION SETTLEMENT**

If Conditions to Settlement are satisfied and Auction Settlement is specified as the applicable Settlement Method in the applicable Pricing Supplement and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date, the Issuer shall give notice (such notice an "**Auction Settlement Notice**") to the Securityholders in accordance with N&C Security Condition 14 (Notices) and, subject to any adjustment in accordance with Credit Linked Condition 15 (Credit Event Notice after Restructuring Credit Event), redeem the Credit Event Portion of all but not some only of the N&C Securities, each such Credit Event Portion of each N&C Security equal to the Calculation Amount being redeemed at the Credit Event Redemption Amount determined in the manner specified in the applicable Pricing Supplement on the Credit Event Redemption Date.

Unless settlement has occurred in accordance with the paragraph above, if:

- (i) an Auction Cancellation Date occurs;
- (ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraph (b) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option);
- (iii) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date;
- (iv) a Credit Event Determination Date was determined pursuant to paragraph (a) of the definition of Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three (3) Business Days after such Credit Event Determination Date; or
- (v) a Credit Event Determination Date was determined pursuant to paragraph (b)(ii)(A) or (b)(ii)(B) of the definition of Credit Event Determination Date,

then:

- (A) if Fallback Settlement Method – Cash Settlement is specified as applicable in the applicable Pricing Supplement, the Issuer shall redeem the relevant Credit Event Portion(s) of the N&C Securities in accordance with Credit Linked Condition 2 above; or
- (B) if Fallback Settlement Method – Physical Delivery is specified as applicable in the applicable Pricing Supplement, the Issuer shall redeem the relevant Credit Event Portion(s) of the N&C Securities in accordance with Credit Linked Condition 3 above.

*If Conditions to Settlement are satisfied and the N&C Securities become redeemable in whole or in part in accordance with this Credit Linked Condition 4, upon payment of the Credit Event Redemption Amount(s) in respect of the N&C*

## *Credit Annex*

*Securities, the Issuer shall have discharged its obligations in respect of the relevant Credit Event Portion of the N&C Securities and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the Calculation Amount of a N&C Security. Any shortfall shall be borne by the Securityholders and no liability shall attach to the Issuer or the Guarantor.*

### 5. INTEREST

Subject as provided below each of the N&C Securities will bear interest pursuant to and in accordance with N&C Security Condition 5 (Interest), provided that (i) for the purposes of determining the interest amounts in respect of Portfolio Credit Linked N&C Securities and Portfolio Maturity Settled Credit Linked N&C Securities, the aggregate outstanding nominal amount of the N&C Securities shall be deemed to be the Weighted Average Outstanding Redemption Amount on the relevant Interest Payment Date and (ii) in the case of interest bearing N&C Securities other than Portfolio Credit Linked N&C Securities or Portfolio Maturity Settled Credit Linked N&C Securities, if Conditions to Settlement are satisfied, then (x) if "Accrual of Interest upon a Credit Event" is specified as Not Applicable in the applicable Pricing Supplement, each N&C Security shall cease to bear interest from the Interest Payment Date immediately preceding the Credit Event Determination Date, or if the Credit Event Determination Date is an Interest Payment Date such Interest Payment Date (but the Issuer shall only be obliged to make payment of such interest on the Credit Event Redemption Date or Physical Settlement Date, as applicable, and no further amount shall be payable in respect of any such delay) or, if the Credit Event Determination Date falls prior to the first Interest Payment Date, no interest shall accrue on the N&C Securities; or (y) if "Accrual of Interest upon a Credit Event" is specified as being Applicable in the applicable Pricing Supplement, each N&C Security shall cease to bear interest from the Credit Event Determination Date. For the avoidance of doubt the above provisions are subject to adjustment in certain circumstances as provided in these Credit Linked Conditions and including the final paragraph of the definition of Credit Event Determination Date in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities).

For the purposes of this Credit Linked Condition 5:

**"Weighted Average Outstanding Redemption Amount"** means, on any Interest Payment Date, the quotient of (a) the sum of the Outstanding Redemption Amount determined in respect of each day in the immediately preceding Interest Period or Fixed Rate N&C Security Interest Period, as applicable (provided that for the purposes of this Credit Linked Condition 5 only, the Outstanding Redemption Amount shall be deemed to be reduced by each Credit Event Portion on the related Credit Event Determination Date, rather than the related Credit Event Redemption Date in respect of a Portfolio Credit Linked N&C Security or the date on which the Final Price or Auction Final Price, as applicable, is calculated in respect of a Portfolio Maturity Settled Credit Linked N&C Security) (as numerator) and (b) the actual number of days in such Interest Period or Fixed Rate N&C Security Interest Period, as applicable (as denominator).

### 6. REPUDIATION/MORATORIUM EXTENSION

Where Repudiation/Moratorium is specified as a Credit Event in the applicable Pricing Supplement, the provisions of this Credit Linked Condition 6 shall apply.

Where (i) Conditions to Settlement in respect of a Reference Entity have not been satisfied on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time) and (ii) the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Credit Linked Condition 9 (Maturity Date Extension) applies, the Postponed Maturity Date and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will, in the determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Calculation Agent shall notify the Securityholders in accordance with N&C Security Condition 14 (Notices) that a Potential Repudiation/Moratorium has occurred, giving details of the relevant Reference Entity and:

- (i) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
  - (A) Credit Linked Condition 1 (Redemption of Credit Linked N&C Securities) shall apply; and
  - (B) in the case of interest bearing N&C Securities only, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately

## *Credit Annex*

preceding the Scheduled Maturity 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 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; and

- (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/ Moratorium Evaluation Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 2 (Cash Settlement), Credit Linked Condition 3 (Physical Settlement) or Credit Linked Condition 4 (Auction Settlement), as applicable, shall apply to the relevant Credit Event Portion of the N&C Securities.

### **7. GRACE PERIOD EXTENSION**

If "Grace Period Extension" is specified as applying in the applicable Pricing Supplement, the provisions of this Credit Linked Condition 7 shall apply.

Where (i) Conditions to Settlement in respect of a Reference Entity have not been satisfied on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time) and (ii) in the determination of the Calculation Agent, 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 Maturity Date (determined by reference to the Relevant Time) (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then:

- (i) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:
  - (A) Credit Linked Condition 1 (Redemption of Credit Linked N&C Securities) shall apply; and
  - (B) in the case of interest bearing N&C Securities, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date (or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the 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; and
- (ii) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 2 (Cash Settlement), Credit Linked Condition 3 (Physical Settlement) or Credit Linked Condition 4 (Auction Settlement), as applicable, shall apply to the relevant Credit Event Portion of the N&C Securities.

### **8. CREDIT DERIVATIVES DETERMINATIONS COMMITTEE EXTENSION**

If, in the determination of the Calculation Agent, a Potential Credit Event has occurred and the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time) then the Calculation Agent shall notify Securityholders in accordance with N&C Security Condition 14 (Notices) that the Maturity Date has been postponed to a date (the "**DC Cut-off Date**") being the earliest of: (i) fifteen (15) Business Days following the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred; (ii) the second business day following the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred and (iii) fifteen (15) Business Days following the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine whether a Credit Event has occurred and:

- (i) where a Credit Event has not occurred on or prior to the DC Cut-off Date:
  - (A) Credit Linked Condition 1 (Redemption of Credit Linked N&C Securities) shall apply; and
  - (B) in the case of interest bearing N&C Securities, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the



## *Credit Annex*

Scheduled Maturity 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 (5<sup>th</sup>) Business Day following the DC Cut-off 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 Credit Event has occurred on or prior to the DC Cut-off Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 2 (Cash Settlement), Credit Linked Condition 3 (Physical Settlement), or Credit Linked Condition 4 (Auction Settlement), as applicable, shall apply to the relevant Credit Event Portion of the N&C Securities.

### **9. MATURITY DATE EXTENSION**

Without prejudice to Credit Linked Condition 12 (Settlement Suspension), if:

- (x) on or prior to (A) the Scheduled Maturity Date or, (B), if applicable, the Repudiation/Moratorium Evaluation Date, (C) if Grace Period Extension is specified as applying in the applicable Pricing Supplement, the Grace Period Extension Date, or (D) if applicable, the DC Cut-off 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 or prior to the Scheduled Maturity Date, in the opinion of the Calculation Agent a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may at its option notify the Securityholders in accordance with N&C Security Condition 14 (Notices) that the Maturity Date, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date or the DC Cut-off Date, as the case may be, has been postponed to a date (such date the "**Postponed Maturity Date**") specified in such notice falling on the fifth (5<sup>th</sup>) Business Day immediately following the fourteenth (14<sup>th</sup>) calendar day after the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date or the DC Cut-off Date, as the case may be, or if such day is not a Business Day the immediately succeeding Business Day, and:

where:

- (i) in the case of Credit Linked Condition 9(x), Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date or, in the case of Credit Linked Condition 9(y), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:
  - (A) Credit Linked Condition 1 (Redemption of Credit Linked N&C Securities) shall apply; and
  - (B) in the case of interest bearing N&C Securities, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the 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)
  - (A) in the case of Credit Linked Condition 9(x), Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Linked Condition 2 (Cash Settlement), Credit Linked Condition 3 (Physical Settlement) or Credit Linked Condition 4 (Auction Settlement) as applicable shall apply to the relevant Credit Event Portion of the N&C Securities; or
  - (B) in the case of Credit Linked Condition 9(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Linked Condition 6 (Repudiation/Moratorium Extension) shall apply to the relevant Credit Event Portion of the N&C Securities.

## *Credit Annex*

### **10. PHYSICAL DELIVERY**

(a) If any Credit Event Portion of a Credit Linked N&C Security, other than a Credit Linked N&C Security represented by a Rule 144A Global N&C Security, is to be redeemed by delivery of the Asset Amount(s), in order to obtain delivery of the Asset Amount(s) in respect of any Credit Event Portion of a N&C Security:

- (X) if such N&C Security is represented by a Global N&C Security, the relevant Securityholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Principal Paying Agent and the Calculation Agent no later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice in the form set out in the Agency Agreement; and
- (Y) if such N&C Security is in definitive form, the relevant Securityholder must deliver (i) if this N&C Security is a Bearer N&C Security, to any Paying Agent or (ii) if this N&C Security is a Definitive Registered N&C Security, to the Registrar or any Paying Agent, in each case, with a copy to the Principal Paying Agent no later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice, a copy of which may be obtained from the Calculation Agent.

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

If this N&C Security is in definitive form, this N&C Security must be delivered together with the duly completed Asset Transfer Notice.

The Asset Transfer Notice shall:

- (i) specify the name, address and contact telephone number of the relevant Securityholder and the person from whom the Issuer may obtain details for the Delivery of the Asset Amount;
- (ii) specify the series number of the N&C Securities and the number of N&C Securities which are the subject of such notice;
- (iii) in the case of N&C Securities represented by a Global N&C Security, specify the nominal amount or, in the case of N&C Securities issued in units, number of N&C Securities which are the subject of such notice and the number of the Securityholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such N&C Securities and irrevocably instruct and authorise the relevant Clearance System to debit the relevant Securityholder's account with the Credit Event Portion of such N&C Securities on or before the Physical Settlement Date;
- (iv) include an undertaking to pay all Delivery Expenses (as defined below) and, in the case of N&C Securities represented by a Global N&C Security, an authority to debit a specified account of the Securityholder with Euroclear or Clearstream, Luxembourg, as the case may be in respect thereof and to pay such Delivery Expenses;
- (v) include such details as are required for Delivery of the Asset Amount which may include account details and/or the name and address of any person(s) into whose name evidence of the Asset Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Asset Amount are to be delivered and specify the name and number of the Securityholder's account to be credited with any cash payable by the Issuer;
- (vi) certify that the beneficial owner of each N&C Security is not a U.S. person (as defined in the Asset Transfer Notice), the N&C Security is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof;
- (vii) authorise the production of such certification in any applicable administrative or legal proceedings,

## *Credit Annex*

all as provided in the Agency Agreement.

(b) Notification of Deliverable Obligations

The Issuer shall give notice to Securityholders prior to the relevant Physical Settlement Date of 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.

(c) Verification of the Securityholder

In the case of N&C Securities represented by a Global N&C Security, upon receipt of an Asset Transfer Notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person Delivering the Asset Transfer Notice is the holder of the N&C Securities described therein according to its records. Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Principal Paying Agent the series number and number of N&C Securities the subject of such notice, the relevant account details and the details for the Delivery of the Asset Amount of each N&C Security. Upon receipt of such confirmation, the Principal Paying Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Physical Settlement Date, debit the securities account of the relevant Securityholder with the Credit Event Portion of the relevant N&C Securities.

(d) Determinations and Delivery Expenses

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made, in the case of N&C Securities represented by a Global N&C Security, by Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of N&C Securities in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, and shall be conclusive and binding on the Issuer, the Principal Paying Agent(s) and the relevant Securityholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Paying Agent immediately after being delivered or sent as provided in paragraph (a) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of, in the case of N&C Securities represented by a Global N&C Security, Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of N&C Securities in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearance System, the Registrar or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Securityholder may not transfer the N&C Securities which are the subject of such notice.

All costs, taxes, duties and/or expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other costs, duties or taxes which the Calculation Agent determines may be or would be, or would have been incurred (i) in connection with the redemption of the N&C Securities and/or the Delivery of the Asset Amount in respect of such N&C Securities and (ii) by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the N&C Security ("**Delivery Expenses**") shall be for the account of the relevant N&C Securityholder and no Asset Amount will be Deliverable until the relevant Delivery Expenses have been met or otherwise accounted for to the satisfaction of the Issuer.

(e) Delivery

(i) Subject to:

- (A) an Asset Transfer Notice having been duly delivered as provided above on or prior to the Cut-Off Date;  
and

### *Credit Annex*

- (B) all Delivery Expenses having been paid or otherwise accounted for to the satisfaction of the Issuer by the relevant Securityholder,

the Issuer shall, at the risk of the relevant Securityholder, Deliver or procure the Delivery of the Asset Amount for the Credit Event Portion of each N&C Security, pursuant to the details specified in the Asset Transfer Notice or in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Securityholder in the relevant Asset Transfer Notice on the Physical Settlement Date. Where the Asset Transfer Notice stipulates that the Asset Amount should be Delivered to a specified clearing system, the Issuer's or the Guarantor's obligation to Deliver such Asset Amount will be discharged by Delivery to, or to the order of, the relevant clearing system and each of the persons shown in the records of the relevant clearing system as the account holder must look solely to the relevant clearing system for his share of any Asset Amount so Delivered.

- (ii) If a Securityholder fails to give an Asset Transfer Notice as provided herein with a copy to the Principal Paying Agent, on or prior to the Cut-Off Date, then:
- (A) the Issuer may elect, in its sole discretion to Deliver or procure the Delivery of the aggregate Asset Amounts for the Credit Event Portion of all such affected N&C Securities, at the risk of the relevant Securityholder, to, or to the order of, the relevant Clearance System(s) in which the N&C Securities are held and its obligation to Deliver any such Asset Amount so Delivered shall be discharged thereby. Each of the persons shown in the records of the relevant Clearance System as the holder of a particular amount of the N&C Securities must look solely to the relevant Clearance System for his share of each such Asset Amount so Delivered to, or to the order of, such Clearance System. For the purposes of paragraph (iv) below, each Clearance System will be deemed to be a single Securityholder and each Clearance System will be requested to divide and deliver such Asset Amounts in accordance with its rules; or
- (B) the Asset Amount(s) will be Delivered as soon as practicable after the scheduled Physical Settlement Date (in which case, such date of Delivery shall be deemed to be the Physical Settlement Date) at the risk of such Securityholder in the manner provided below, *Provided That* if, in respect of a N&C Security, a Securityholder 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 and the Guarantor in respect of such N&C Securities shall be discharged and neither the Issuer nor the Guarantor shall have any liability in respect thereof. For the avoidance of doubt, in such circumstances such Securityholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Physical Settlement Date falling after the date fixed for redemption and no liability in respect thereof shall attach to the Issuer.
- (iii) To the extent that the Issuer is not satisfied that the Delivery Expenses have been or will be paid in full by the relevant Securityholder on or prior to the relevant Physical Settlement Date, the Issuer may, in its sole discretion, elect to reduce the Asset Amount(s) to be Delivered to that Securityholder by an amount(s) which by market value (determined at the time of reduction by reference to such valuation sources as the Issuer determines appropriate) in aggregate is at least equal to the aggregate Delivery Expenses that it determines, in its sole discretion, have not been paid or otherwise accounted for (the Asset Amount as so reduced, the "**Reduced Asset Amount**"). Where the Issuer elects to make such a reduction, in accordance with this Credit Linked Condition 10(e)(iii) the Issuer's obligation to Deliver the Asset Amount(s) shall be discharged in full by Delivery of the Reduced Asset Amount(s) in accordance with the provisions of this Credit Linked Condition 10(e). The provisions of these Credit Linked Conditions shall apply *mutatis mutandis* to any such Delivery of the Reduced Asset Amount.
- (iv) For the purpose of determining the Asset Amounts in respect of the N&C Securities, N&C Securities held by the same Securityholder will be aggregated. The aggregate Asset Amount(s) to be delivered in respect of each such aggregated holding will be rounded down to the nearest whole unit of the relevant Deliverable Obligation (or, where there is more than one type of Deliverable Obligation, each of the Deliverable Obligations), as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Deliverable

## *Credit Annex*

Obligation or of each of the Deliverable Obligations, as the case may be, will not be delivered but in lieu thereof the Issuer shall pay to the Securityholders in respect of their respective holding an additional amount in the Specified Currency equal to the fair market value of such fraction(s) in such manner as shall be determined by the Calculation Agent in good faith and in a commercially reasonable manner and notified to Securityholders in accordance with N&C Security Condition 14 (Notices).

(f) General

After Delivery of an Asset Amount in respect of a N&C Security and for the Intervening Period, none of the Issuer, the Guarantor, the Calculation Agent and any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Securityholder 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 Securityholder in respect of any loss or damage which such Securityholder 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.

(g) In relation to each Deliverable Obligation constituting any Asset Amount, the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided below on the Physical Settlement Date provided that if all or some of the Deliverable Obligations included in the Asset Amount in respect of a N&C Security are Undeliverable Obligations and/or Hedge Disruption Obligations, then the Issuer shall continue to attempt to Deliver or, if applicable, shall attempt to Deliver where possible all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, on or before the 65th Business Day following the Physical Settlement Date (the "**Final Delivery Date**") or such earlier date as the Calculation Agent may select and notify to the N&C Securityholders in accordance with N&C Security Condition 14, taking into account the terms of any transaction or arrangements entered into by the Issuer and/or its Affiliates to hedge obligations of the Issuer in respect of the N&C Securities, 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 Credit Linked Condition 11 (Partial Cash Settlement) shall apply.

(h) If any N&C Security represented by a Rule 144A Global N&C Security is to be redeemed (in whole or in part) by Delivery of an Asset Amount, the relevant provisions relating to such Delivery shall be set out in the applicable Pricing Supplement.

### **11. PARTIAL CASH SETTLEMENT**

If all or a portion of the obligations comprising the Asset Amount are Undeliverable Obligations and/or Hedge Disruption Obligations, the Issuer shall give notice (a "**Partial Cash Settlement Notice**") to the Securityholders in accordance with N&C Security Condition 14 (Notices) and the Issuer shall pay in respect of each Undeliverable Obligation and/or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

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

Unless otherwise specified in the applicable Pricing Supplement, for the purposes of this Credit Linked Condition 11 the following terms shall be defined as follows:

**"Full Quotation"** means, in relation to any Undeliverable Obligation and in accordance with the Quotation Method, each firm quotation expressed as a percentage obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance equal to the Quotation Amount.

**"Indicative Quotation"** means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be,

## *Credit Annex*

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 Pricing Supplement and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (b) 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; (vii) if two or more Full Quotations or a Weighted Average Quotation are not obtained or (if applicable) fewer than three Indicative Quotations are obtained, the Market Value shall be determined as provided in paragraph (b) of the definition of "Quotation" below; and (viii) if the Quotations are deemed to be zero, the Market Value shall be zero.

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

**"Partial Cash Settlement Date"** means, subject to Credit Linked Condition 12 (Settlement Suspension), the day falling five (5) Business Days after (i) the calculation of the Final Price or (ii) the Auction Final Price Determination Date, as applicable, in each case in respect of such Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

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

- (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 two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the applicable Pricing Supplement, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.
- (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the applicable Pricing Supplement, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day of, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if

## *Credit Annex*

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, provided that, the Calculation Agent may, at its discretion, elect not to use such Full Quotation or weighted average of any firm quotations determined in respect of such tenth Business Day and, if it so elects, will use such full quotations, weighted average quotation or firm quotations provided to the Calculation Agent on any of the five Business Days immediately following such tenth Business Day in accordance with the terms of any transaction or arrangement entered into by the Issuer and/or its Affiliates to hedge obligations of the Issuer in respect of the N&C Securities (and each such full quotation shall be deemed to be a Full Quotation and each weighted average quotation shall be deemed to be a Weighted Average Quotation for the purposes of these Credit Linked Condition) and shall use such full quotations, weighted average quotation or firm quotations as follows:

- (i) if two or more full quotations or a weighted average quotation is provided to the Calculation Agent in respect of any additional Business Day, the Calculation Agent shall use such full quotations or weighted average quotation;
  - (ii) if a single full quotation is provided to the Calculation Agent in respect of the fifth additional Business Day, the Calculation Agent shall use such full quotation; or
  - (iii) if firm quotations are provided to the Calculation Agent in respect of the fifth additional Business Days, the Calculation Agent shall use the weighted average of such firm quotations for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, 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 provided.
- (c) 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.
- (d) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for purposes of determining the Final Price.

**"Quotation Amount"** is deemed to be, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

**"Quotation Method"** is deemed to be Bid.

**"Reference Obligation"** 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 Pricing Supplement, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be.

## *Credit Annex*

**"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.

### **12. SETTLEMENT SUSPENSION**

#### **(a) Suspension**

Without prejudice to Credit Linked Condition 9 (Maturity Date Extension) above, if, following the determination of a Credit Event Determination Date in accordance with sub-paragraph (a) of the definition of Credit Event Determination Date but prior to the relevant Physical Settlement Date or, to the extent applicable, a Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, the Calculation Agent may, at its option, determine that the applicable timing requirements of these Credit Linked Conditions and the definitions of Credit Event Redemption Date, Valuation Date, Physical Settlement Period, and any other provision in these Credit Linked Conditions as determined by the Calculation Agent shall toll and be suspended and remain suspended (such period of suspension, a **"Suspension Period"**) until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (i) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (ii) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (A) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (B) not to determine such matters, the relevant timing requirements of these Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA.

In the event of any such Suspension Period, the Calculation Agent may make (x) such consequential or other adjustment(s) or determination(s) to or in relation to these Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (y) determine the effective date of such adjustment(s) or determination(s).

#### **(b) Interest**

In the case of interest bearing N&C Securities:

- (i) if a Suspension Period falls in any one or more Interest Period(s), then no interest (or any interest on any delayed payment of interest) shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (ii) if an Interest Payment Date falls in a Suspension Period, such Interest Payment Date will be deferred until such date as determined by the Calculation Agent falling no earlier than the first Payment Date and no later than the fifth Payment Date following the end of the Suspension Period, all subject to the provisions of N&C Security Condition 5 (Interest) and Credit Linked Condition 6 (Repudiation/Moratorium Extension), Credit Linked Condition 7 (Grace Period Extension) and Credit Linked Condition 8 (Credit Derivatives Determinations Committee Extension).

### **13. REDEMPTION FOLLOWING A MERGER EVENT**

Where "Merger Event" is specified as applying in the applicable Pricing Supplement, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Securityholders in accordance with N&C Security Condition 14 (Notices) and redeem each N&C Security at the Early Redemption Amount on the Merger Event Redemption Date (as specified in the applicable Pricing Supplement).



## *Credit Annex*

### 14. DEFINITIONS APPLICABLE TO CREDIT LINKED N&C SECURITIES

**"2.5-year Limitation Date"** has the meaning given to that term in the definition of "Limitation Date".

**"5-year Limitation Date"** has the meaning given to that term in the definition of "Limitation Date".

**"20-year Limitation Date"** has the meaning given to that term in the definition of "Limitation Date".

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

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

**"Additional Credit Event"** means, in respect of N&C Securities, an event specified as such in the applicable Pricing Supplement.

**"Asset Amount"** means, subject to the provisions of Credit Linked Condition 10 (Physical Delivery), in respect of each nominal amount of N&C Securities equal to the relevant Credit Event Portion, Deliverable Obligations, as selected by the Calculation Agent, with:

- (a) 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 Pricing Supplement, but excluding accrued but unpaid interest if "Exclude Accrued Interest" is specified as applying in the applicable Pricing Supplement, and if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified as applying in the applicable Pricing Supplement, excluding accrued but unpaid interest); or
- (b) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to or greater than the relevant Credit Event Portion less, if Unwind Costs are specified as applying in the applicable Pricing Supplement, Deliverable Obligations with a market value determined by the Calculation Agent 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 less than or equal to the Unwind Costs.

## *Credit Annex*

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, the form of which may be obtained from the Calculation Agent.

**"Auction"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Cancellation Date"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Covered Transaction"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Final Price"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Final Price Determination Date"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Settlement Date"** shall mean the date that is the number of Business Days as shall be specified in the relevant Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five (5) Business Days) immediately following the Auction Final Price Determination Date.

**"Auction Settlement Notice"** has the meaning given to that term in Credit Linked Condition 4 (Auction Settlement).

**"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 (30) calendar days of the institution or presentation thereof or before the Maturity 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 (30) calendar days thereafter or before the Maturity Date, whichever is earlier; or

## *Credit Annex*

- (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 paragraphs (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 (14) calendar days after the legally effective date of the Succession Event shall not constitute "Best Available Information".

**"Business Day"** means for the purposes of this Annex only, a day which is a day on which commercial banks and foreign exchange markets are generally open to settle payments (including dealing in foreign exchange and foreign currency deposits) in the jurisdiction of the Credit Linked Specified Currency specified in the applicable Pricing Supplement, and in respect of the Delivery of any Deliverable Obligations, shall include any day in any jurisdiction on which banks must be open in order to effect settlement of such Delivery.

**"Business Day Convention"** means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustments will be made if that date would otherwise fall on a day that is not a Business Day so that:

- (a) if "Following" is specified as the applicable Business Day Convention in the applicable Pricing Supplement, that date will be the first following day that is a Business Day;
- (b) if "Modified Following" is specified as the applicable Business Day Convention in the applicable Pricing Supplement, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and
- (c) if "Preceding" is specified as the applicable Business Day Convention in the applicable Pricing Supplement, that date will be the first preceding day that is a Business Day.

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

**"Calculation Agent Physical Settlement Notice"** has the meaning given to that term in the definition of Conditions to Settlement.

**"Cash Settlement Notice"** has the meaning given to that term in Credit Linked Condition 2 (Cash Settlement).

**"Clearance System"** has the meaning given in the N&C Security Conditions.

## *Credit Annex*

**"Conditionally Transferable Obligation"** means a Deliverable Obligation or Valuation 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 or Valuation Obligation, as the case may be, other than Bonds, provided, however, that a Deliverable Obligation or Valuation Obligation, as the case may be, 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 or Valuation Obligations, as the case may be, other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation or Valuation Obligations, as the case may be) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation or Valuation Obligations, as the case may be, provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation or Valuation Obligation, as the case may be, be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation or Valuation Obligation, as the case may be, 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 or a Valuation Obligation, as the case may be, satisfies the requirements of the definition of "Conditionally Transferable Obligation", such determination shall be made as of the Delivery Date for the Deliverable Obligation or the date of selection of the relevant Valuation Obligation, as the case may be, taking into account only the terms of the Deliverable Obligation or the Valuation Obligation, as the case may be, and any related transfer or consent documents which have been obtained by the Issuer or the Guarantor, as the case may be.

**"Conditions to Settlement"** means the requirements set out in each of (a), (b) and (c), as applicable, below:

- (a) all of the Conditions to Settlement shall be deemed to be satisfied by the occurrence of a Credit Event Determination Date except where such Credit Event Determination Date is subsequently reversed prior to any of (i) the relevant Auction Final Price Determination Date, (ii) a relevant Valuation Date, (iii) the relevant Physical Settlement Date (or, if earlier, a Delivery Date), (iv) the relevant Credit Event Redemption Date or (v) the Maturity Date, as applicable, unless Physical Delivery is specified as the applicable Settlement Method in the applicable Pricing Supplement (or is applicable pursuant to the Fallback Settlement Method) in which case all of the Conditions to Settlement shall be deemed to be satisfied by delivery of a Calculation Agent Physical Settlement Notice as described in (c) below on or following the occurrence of a Credit Event Determination Date;
- (b) if Notice of Publicly Available Information is specified as applicable in the applicable Pricing Supplement, the Notice of Publicly Available Information Condition to Settlement is satisfied if either (i) the Calculation Agent delivers to the Issuer a Notice of Publicly Available Information during one of the periods specified in paragraph (a) of the definition of Credit Event Determination Date or (ii) ISDA publicly announces on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event for purposes of the relevant N&C Securities has occurred with respect to the relevant Reference Entity or Obligation thereof; and
- (c) where Physical Delivery is specified as the applicable Settlement Method in the applicable Pricing Supplement (or is applicable pursuant to the Fallback Settlement Method), the Calculation Agent delivers to the Issuer a notice of physical settlement (a "**Calculation Agent Physical Settlement Notice**"), subject where applicable to Credit Linked Condition 12 (Settlement Suspension), on or prior to:
  - (i) the later of:
    - (A) the thirty-third (33rd) calendar day (subject to adjustment in accordance with the applicable Business Day Convention) after the Credit Event Determination Date; and
    - (B) the thirteenth (13th) calendar day after either (I) the date of the relevant DC Credit Event Announcement, if any, or (II) the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters

### *Credit Annex*

described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date; or

- (ii) if "Physical Delivery" is applicable pursuant to the Fallback Settlement Method in accordance with Credit Linked Condition 4(B) (Auction Settlement) and:
  - (A) the relevant Credit Event is not a Restructuring (or, if such Credit Event is a Restructuring, such Restructuring has occurred where neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Pricing Supplement), the thirty-third (33rd) calendar day after the Auction Cancellation Date or the No Auction Announcement Date, as applicable; or
  - (B) the relevant Credit Event is a Restructuring and either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Pricing Supplement, either:
    - (1) the thirty-third (33rd) calendar day after:
      - (i) a No Auction Announcement Date occurring pursuant to paragraph (a) of the definition of No Auction Announcement Date, if any; or
      - (ii) a No Auction Announcement Date occurring pursuant to paragraph (c) of the definition of No Auction Announcement Date, if any, in circumstances where no Parallel Auction will be held; or
      - (iii) the Auction Cancellation Date, if any; or
    - (2) the second (2nd) Relevant City Business Day immediately following the later of the Parallel Auction Final Price Determination Date, if any (or, if more than one should occur, the last Parallel Auction Final Price Determination Date), and the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:
      - (i) a No Auction Announcement Date occurs pursuant to paragraph (b) of the definition of No Auction Announcement Date and the Issuer has not exercised the Movement Option; or
      - (ii) a No Auction Announcement Date occurs pursuant to paragraph (c) of the definition of No Auction Announcement Date in circumstances where one or more Parallel Auctions will be held,

provided that in the case of paragraphs (c)(i)(B) and (c)(ii), the relevant Credit Event Resolution Request Date occurred on or prior to the date described in paragraph (c)(i)(A).

For purposes of determining whether the conditions of this paragraph (c) have been satisfied, the date of delivery of the Calculation Agent Physical Settlement Notice (whether or not subsequently changed) shall be used.

**"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 Annex*

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

**"Credit Derivatives Determinations Committees"** means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions (each a **"Credit Derivatives Determinations Committee"**), as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the **"Rules"**).

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

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

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Event Backstop Date"** means:

- (a) for purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in paragraph (b) of the definition of Repudiation/Moratorium), as determined by DC Resolution, the date that is sixty (60) calendar days prior to the Credit Event Resolution Request Date; or
- (b) otherwise, the date that is sixty (60) calendar days prior to the earlier of:
  - (i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Pricing Supplement, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer during the Notice Delivery Period; and
  - (ii) in circumstances where:
    - (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraph (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules;
    - (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters; and
    - (C) the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Pricing Supplement, the Notice of Publicly Available

## *Credit Annex*

Information are delivered by the Calculation Agent to the Issuer not more than fourteen (14) calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters,

the Credit Event Resolution Request Date.

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

**"Credit Event Determination Date"** means, in respect of any Credit Event:

- (a) subject to paragraph (b) below, if neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Pricing Supplement, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer during either:
  - (i) the Notice Delivery Period; or
  - (ii) the period (I) from, and including, the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date (II) to, and including, the date that is fourteen (14) calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)); or
- (b) notwithstanding paragraph (a) above, if a DC Credit Event Announcement has occurred, either:
  - (i) the Credit Event Resolution Request Date, if
    - (A) either:
      - (1) Auction Settlement is specified as the applicable Settlement Method in the applicable Pricing Supplement; or
      - (2) the relevant Credit Event is a Restructuring; and
    - (B) the Credit Event Notice is delivered by the Calculation Agent to the Issuer on or prior to the date falling two (2) Business Days after the Exercise Cut-off Date; or
  - (ii) the first date on which the Credit Event Notice is delivered by the Calculation Agent to the Issuer during (I) the Notice Delivery Period or (II) the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement to, and including, the date that is fourteen (14) calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
    - (A) Auction Settlement is not specified as the applicable Settlement Method in the applicable Pricing Supplement; or
    - (B) Auction Settlement is specified as the applicable Settlement Method in the applicable Pricing Supplement and the Credit Event Notice is delivered by the Calculation Agent to the Issuer on a date that is later than the date falling two (2) Business Days after the relevant Exercise Cut-off Date,

provided that, in the case of paragraph (b) above, (1) this shall be subject to any adjustment in accordance with Credit Linked Condition 15 (Credit Event Notice after Restructuring Credit Event) and (2) no Credit Event Notice specifying a

## *Credit Annex*

Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date; and

provided further that no Credit Event Determination Date will occur, and any Credit Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, a Physical Settlement Date, a Credit Event Redemption Date or the Maturity Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the relevant Reference Entity or Obligation thereof.

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior to one or more preceding Interest Payment Dates, the Calculation Agent will determine (1) such adjustment(s) to these Credit Linked Conditions (including any adjustment to payment amounts) as may be required to achieve as far as practicable the same economic position of N&C Securityholders as would have prevailed had a Credit Event Determination Date occurred on such deemed date of occurrence and (2) the effective date of such adjustment(s).

**"Credit Event Notice"** means a notice from the Calculation Agent 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 the Credit Event Backstop Date (determined by reference to the Relevant Time) and on or prior to the Extension Date (determined by reference to the Relevant Time).

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is delivered. A Credit Event Notice shall be subject to the requirements regarding notices set out in N&C Security Condition 14 (Notices).

**"Credit Event Portion"** means, in the case of any Credit Event and in respect of each nominal amount of the N&C Securities equal to the Calculation Amount, an amount equal to:

- (a) in the case of a Portfolio Credit Linked N&C Security or a Portfolio Maturity Settled Credit Linked N&C Security,
  - (i) the Reference Amount of the Reference Entity in respect of which the Credit Event Notice has been given, expressed as a proportion of the aggregate of the Reference Amounts of all the Reference Entities specified in the Pricing Supplement;multiplied by
  - (ii) the Calculation Amount; or
- (b) in all other cases, 100 per cent. (100%) of the Calculation Amount.

**"Credit Event Redemption Amount"** means, in respect of a Credit Event, the amount specified as such in the applicable Pricing Supplement or if no such amount is specified in the applicable Pricing Supplement, an amount calculated by the Calculation Agent equal to:

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

where:

"A" is the Credit Event Portion in relation to such Credit Event;



## *Credit Annex*

"B" is the Final Price or the Auction Final Price, as applicable, in relation to the relevant Reference Obligation or (if specified as applicable in relation to the relevant Reference Entity in the applicable Pricing Supplement) the relevant Valuation Obligation; and

"C" is Unwind Costs in relation to such Credit Event, (unless the applicable Pricing Supplement specify that Unwind Costs are not applicable),

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

**"Credit Event Redemption Date"** means, subject to Credit Linked Condition 12 (Settlement Suspension), the day falling the number of Business Days specified in the applicable Pricing Supplement (or, if a number of Business Days is not so specified, five (5) Business Days) after (i) the calculation of the Final Price or (ii) the Auction Settlement Date, as applicable.

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

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

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the DC Resolutions referred to in paragraphs (a) and (b) above.

**"Currency Amount"** means, with respect to (a) a Deliverable Obligation specified in a Notice of Physical Settlement that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each Physical Settlement Amendment Notice with respect to that portion of the relevant N&C Securities into the currency of denomination of the relevant Replacement Deliverable Obligation.

**"Currency Rate"** means, with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Principal Balance or Due and Payable Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, determined by the Calculation Agent and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the Revised Currency Rate.

**"Currency Rate Source"** means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

**"Cut-off Date"** is the date as specified in the applicable Pricing Supplement.

**"DC Credit Event Announcement"** means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Credit Event Backstop Date (determined by reference to the Relevant Time) and on or prior to the Extension Date (determined by reference to the Relevant Time). A DC Credit Event Announcement will be deemed not to have occurred unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of

## *Credit Annex*

the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is twenty-one (21) calendar days following the No Auction Announcement Date, if any, as applicable.

**"DC Cut-off Date"** has the meaning given to that term in Credit Linked Condition 8 (Credit Derivatives Determinations Committee Extension).

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

**"DC Resolution"** has the meaning set out in the Rules.

**"Default Requirement"** means the amount specified as such in the applicable Pricing Supplement or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Pricing Supplement, U.S.\$10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

**"Deliver"** means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Asset Amount(s) to the relevant Securityholder 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 Securityholder 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 Credit Linked Condition 3 (Physical Settlement):

- (a) any obligation of such Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Pricing Supplement, as provider of any Qualifying Guarantee) determined pursuant to the method described in sub-paragraph (d) "(A) Method for Determining Deliverable Obligations" below (but excluding any Excluded Deliverable Obligation specified in the applicable Pricing Supplement) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event" above) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the 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 sub-paragraph (d)(A)(2)(i) "Method for Determining Deliverable Obligations" below, each Reference Obligation, unless specified in the applicable Pricing Supplement as an Excluded Deliverable Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not

## *Credit Annex*

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; and

- (d) any Additional Deliverable Obligation of a Reference Entity specified as such in the applicable Pricing Supplement.

(A) **Method for Determining Deliverable Obligations**

For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the applicable Pricing Supplement, and, subject to (B)(3) below, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Pricing Supplement, in each case, as of the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (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, Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, where:
- (i) **"Not Contingent"** means any obligation having as of the Delivery Date and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Deliverable Obligations that are Not Contingent if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (x) to convert or exchange such obligation or (y) 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 (x) and (y) of sub-paragraph (i)

## *Credit Annex*

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 Securityholder that provides each Securityholder 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 Securityholder and either (A) the Issuer or the Guarantor, as the case may be, (in either case, to the extent that the Issuer or the Guarantor, as applicable, is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (v) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
  - (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (vi) "**Maximum Maturity**" means an obligation that has a remaining maturity from the Physical Settlement Date of not greater than the period specified in the applicable Pricing Supplement;
- (vii) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and

## *Credit Annex*

- (viii) **"Not Bearer"** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system.

### (B) **Interpretation of Provisions**

- (1) If the Obligation Characteristic "Listed" is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
- (2) if (i) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;
- (3) if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and
- (4) in the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:
  - (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
  - (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Pricing Supplement from the following list: Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Pricing Supplement, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.

## *Credit Annex*

- (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 Pricing Supplement.
- (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 Pricing Supplement from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (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 Credit Linked Conditions, including without limitation, the definitions of "Partial Cash Settlement Amount" and "Quotation Amount" in Credit Linked Condition 11 (Partial Cash Settlement), 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.

"**Deliverable Obligation Terms**" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

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

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

"**Downstream Affiliate**" means an entity, at the date of the event giving rise to the Credit Event which is the subject of the Credit Event Notice, the Delivery Date (in the case of a Deliverable Obligation), the date of selection of the relevant Valuation Obligation (in the case of a Valuation Obligation) 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. As used herein, "**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 (or Valuation Obligation if "Valuation Obligation" is specified as applicable in the relevant Pricing Supplement), the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date or a Valuation Obligation on the date of selection of the relevant Valuation Obligation, as the case may be, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

## *Credit Annex*

"**Effective Date**" has the meaning given in the applicable Pricing Supplement.

"**Eligible Transferee**" means:

- (a) any:
  - (i) bank or other financial institution;
  - (ii) insurance or reinsurance company;
  - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below); and
  - (iv) registered or licensed broker or dealer (other than a natural person or proprietorship),provided, however, that, in each case, such entity has total assets of at least U.S.\$500 million;
- (b) an Affiliate of an entity specified in the preceding sub-paragraph (a);
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least U.S.\$100 million or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.\$100 million; or
  - (ii) that has total assets of at least U.S.\$500 million; or
  - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keep well, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(ii) or (d); or
- (d) a Sovereign, Sovereign Agency or Supranational Organisation.

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

"**Enabling Obligation**" means an outstanding Deliverable Obligation that (i) is a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (ii) has a final maturity date occurring on or prior to the Scheduled Maturity Date and following the Limitation Date immediately preceding the Scheduled Maturity Date (or, in circumstances where the Scheduled Maturity Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

"**Equity Securities**" means:

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

"**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

## *Credit Annex*

(or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**"Excluded Deliverable Obligation"** means any obligation of a Reference Entity specified as such or of a type described in the applicable Pricing Supplement.

**"Excluded Obligation"** means any obligation of a Reference Entity specified as such or of a type described in the applicable Pricing Supplement.

**"Excluded Valuation Obligation"** means any obligation of a Reference Entity specified as such or of a type described in the applicable Pricing Supplement.

**"Exercise Cut-off Date"** means, with respect to a Credit Event:

- (a) if such Credit Event is not a Restructuring (or if such Credit Event is a Restructuring, such Restructuring has occurred and neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Pricing Supplement), either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is twenty-one (21) calendar days following the No Auction Announcement Date, if any,as applicable; or
- (b) if such Credit Event is a Restructuring and either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Pricing Supplement and:
  - (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five (5) Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or
  - (ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is twenty-one (21) calendar days following such No Auction Announcement Date.

**"Extension Date"** means the latest of:

- (a) the Scheduled Maturity Date;
- (b) the Grace Period Extension Date if:
  - (i) "Grace Period Extension" is specified as applying in the applicable Pricing Supplement;
  - (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Date (determined by reference to the Relevant Time); and
  - (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time); and



## *Credit Annex*

- (c) the Repudiation/Moratorium Evaluation Date if:
- (i) "Repudiation Moratorium" is specified as a Credit Event in the applicable Pricing Supplement;
  - (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Maturity Date (determined by reference to the Relevant Time);
  - (iii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time); and
  - (iv) the Repudiation/Moratorium Extension Condition is satisfied.

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

**"Fallback Settlement Method"** means, with respect to any N&C Securities for which Auction Settlement is specified as the applicable Settlement Method in the applicable Pricing Supplement, the fallback settlement method specified in the applicable Pricing Supplement.

**"Final Delivery Date"** has the meaning given to that term in Credit Linked Condition 10 (Physical Delivery)

**"Final List"** has the meaning set out in the Rules.

**"Final Price"** means the price of a Reference Obligation or Valuation Obligation, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Pricing Supplement or, where applicable, Credit Linked Condition 15 (Credit Event Notice after Restructuring Credit Event). The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Securityholders at the specified office of the Agent and, for so long as the N&C Securities are listed on any stock exchange at the office of any Paying Agent in such place as may be required by the rules and regulations of that stock exchange (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 or the relevant Valuation Obligation with an Outstanding Principal Balance equal to the Quotation Amount.

**"Fully Transferable Obligation"** means a Deliverable Obligation or a Valuation 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 or a Valuation Obligation, as the case may be, other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation or a Valuation Obligation, as the case may be, be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation or a Valuation Obligation, as the case may be, shall not be considered to be a requirement for consent for purposes of this definition of "Fully Transferable Obligation". For purposes of determining whether a Deliverable Obligation or a Valuation Obligation, as the case may be, 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 or the date of selection of the relevant Valuation Obligation, as the case may be, taking into account only the terms of the Deliverable Obligation or the Valuation Obligation, as the case may be, and any related transfer or consent documents which have been obtained by the Issuer or the Guarantor, as the case may be.

**"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)

## *Credit Annex*

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 date as of which such Obligation is issued or incurred;
- (b) if Grace Period Extension is specified as applying in the applicable Pricing Supplement, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time) and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time), the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Pricing Supplement or, if no period is specified in the applicable Pricing Supplement, thirty (30) calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applying in the applicable Pricing Supplement, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

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

**"Grace Period Extension Date"** means, if:

- (a) Grace Period Extension is specified as applying in the applicable Pricing Supplement; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time),

the date that is five (5) Business Days following the day falling the number of days in the Grace Period after the date of such Potential Failure to Pay.

**"Hedge Disruption Event"** means in the opinion of the Calculation Agent any event as a result of which the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations under the terms of any transaction entered into by the Issuer and/or any such Affiliate to hedge the obligations or position of the Issuer in respect of the N&C Securities.

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

**"Hypothetical Investor"** means, with respect to any Obligation or Reference Obligation, a hypothetical investor in such Obligation or Reference Obligation in the Hypothetical Investor Jurisdiction and who is deemed to have the benefits and obligations, as provided under the terms and conditions of the Obligation or Reference Obligation, of an investor holding, as of the Trade Date (or, if later, its date of issue), an interest in the Obligation or Reference Obligation.

**"Hypothetical Investor Jurisdiction"** means, at any relevant time, the jurisdiction of organisation or formation, as applicable, of the Issuer or any of its Affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the N&C Securities as the Issuer may select at such time.

**"Intervening Period"** means such period of time as any person other than the relevant N&C Securityholder shall continue to be registered as the legal owner of any securities or other obligations comprising an Asset Amount.

## *Credit Annex*

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

"**Japanese Default Requirement**" means, if the Specified Currency is Japanese Yen, JPY1,000,000,000, or in all other cases, U.S.\$10,000,000 or, in each case, its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.

"**Japanese Payment Requirement**" means, if the Specified Currency of the N&C Securities is Japanese Yen, JPY100,000,000, or in all other cases, U.S.\$1,000,000 or, in each case, its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency as of the occurrence of the Failure to Pay or Potential Failure to Pay, as applicable.

"**Japanese Reference Entity**" means a Reference Entity for which the jurisdiction of incorporation or organisation is Japan.

"**Latest Maturity Restructuring Bond or Loan**" has the meaning given to that term in the definition of "Restructuring Maturity Limitation Date".

"**Limitation Date**" means the first of 20th March, 20th June, 20th September or 20th December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "2.5-year Limitation Date"), 5 years (the "5-year Limitation Date"), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the "20-year Limitation Date"), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention unless it is specified in the applicable Pricing Supplement that Limitation Dates will be adjusted in accordance with a specified Business Day Convention.

"**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

"**Market Value**" means, with respect to a Reference Obligation or Valuation Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if fewer than two Full Quotations are obtained, no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth (10th) Business Day following the Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth (10th) Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation, Hedge Disruption Obligation or Valuation Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth (10th) Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to

## *Credit Annex*

be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative 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 Maturity Date (1) the Issuer, the Guarantor, any Affiliate of the Issuer or the Guarantor or a Reference Entity (any such entity, the "**Mergor**") consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to (a) where the Mergor is the Issuer or the Guarantor or any Affiliate of the Issuer or the Guarantor, a Reference Entity or (b) where the Mergor is a Reference Entity, the Issuer or the Guarantor or any Affiliate of the Issuer or the Guarantor, or, (2) (I) the Guarantor and a Reference Entity or (II) the Issuer and a Reference Entity or (III) any Affiliate of the Issuer or the Guarantor and a Reference Entity, become Affiliates.

**"Minimum Quotation Amount"** means the amount specified as such in the applicable Pricing Supplement (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

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

**"Modified Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation, as the case may be, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Where "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Pricing Supplement and the Scheduled Maturity Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only.

Subject to the foregoing, in the event that the Scheduled Maturity Date is later than (A) the 2.5 year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Movement Option"** means, where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Pricing Supplement, and where a No Auction Announcement Date has occurred pursuant to paragraph (b) of the definition of No Auction Announcement Date, the option of the Issuer to apply to the N&C Securities, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could be specified in any Calculation Agent Physical Settlement Notice (provided that if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If no Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, the N&C Securities will be settled in accordance with the Fallback Settlement Method. If a Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, such event will be notified to Securityholders in accordance with N&C Security Condition 14 (Notices).

**"Movement Option Cut-off Date"** means the date that is six (6) Relevant City Business Days following the Exercise Cut-off Date.

**"Multiple Valuation Date"** shall have the meaning specified in the definition of "Valuation Date" below.

**"Next Currency Fixing Time"** means 4:00 p.m. (London time) on such London Business Day as the Calculation Agent shall select falling no more than five (5) London Business Days immediately preceding the date on which the Notice of Physical Settlement or relevant Physical Settlement Amendment Notice or relevant Partial Cash Settlement Notice, as applicable, is delivered.

## *Credit Annex*

**"No Auction Announcement Date"** means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Pricing Supplement only, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

**"Notice Delivery Period"** means the period from and including the Trade Date to and including the date that is fourteen (14) calendar days after the Extension Date.

**"Notice of Physical Settlement"** has the meaning given to that term in Credit Linked Condition 3 (Physical Settlement).

**"Notice of Publicly Available Information"** means a notice from the Calculation Agent 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 paragraphs (a) and (b) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applying in the applicable Pricing Supplement and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Credit Linked Condition 21 (Calculation Agent and Calculation Agent Notices).

**"Notice to Exercise Movement Option"** means, where (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Pricing Supplement and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, a notice from the Calculation Agent to the Issuer that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is delivered on or prior to the Movement Option Cut-off Date.

**"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 Pricing Supplement, as provider of any Qualifying Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below (but excluding any Excluded Obligation);
- (b) each Reference Obligation specified in the applicable Pricing Supplement, unless specified as an Excluded Obligation; and
- (c) any Additional Obligation of a Reference Entity specified as such in the applicable Pricing Supplement.

Method for Determining Obligations. For the purposes of paragraph (a) of this definition of "Obligation", the term "Obligation" may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Pricing Supplement, and having each of the Obligation Characteristics (if any) specified in the applicable Pricing Supplement, in each case, as of the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (A) **"Obligation Category"** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Pricing Supplement, where:

## *Credit Annex*

- (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, Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Pricing Supplement, where:
- (1)
    - (a) "**Not Subordinated**" means an obligation that is not Subordinated to (1) the most senior Reference Obligation in priority of payment or (2), if no Reference Obligation is specified in the applicable Pricing Supplement, any unsubordinated Borrowed Money obligation of the Reference Entity provided that, if any of the events set forth under paragraph (a) of the definition of Substitute Reference Obligation has occurred with respect to all of the Reference Obligations or if the final paragraph of the definition of Successor is applicable with respect to the Reference Obligation (each, in each case, a "**Prior Reference Obligation**") and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic or Valuation Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic or Valuation Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;
    - (b) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default

## *Credit Annex*

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) "**Credit Linked Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the applicable Pricing Supplement (or, if Credit Linked Specified Currency is specified in the applicable Pricing Supplement and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively in the applicable Pricing Supplement as the "Standard Specified Currencies");
- (3) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";
- (4) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;
- (5) "**Not Domestic Law**" means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (6) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (7) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

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

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

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

"**Outstanding Principal Balance**" means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation or Valuation Obligation, as the case may be:

- (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,

## *Credit Annex*

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.

**"Outstanding Redemption Amount"** means in respect of a N&C Security or nominal amount equal to the Calculation Amount, on any day, the greater of (a) the Final Redemption Amount specified in the applicable Pricing Supplement for such N&C Security *less* the aggregate of all Credit Event Portions determined pursuant to Credit Linked Condition 2 (Cash Settlement), Credit Linked Condition 3 (Physical Settlement) or Credit Linked Condition 4 (Auction Settlement) (as applicable) determined up to and including such day and (b) zero.

**"Parallel Auction"** means "Auction" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Cancellation Date"** means "Auction Cancellation Date" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Final Price Determination Date"** means "Auction Final Price Determination Date" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Date"** means "Auction Settlement Date" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Pricing Supplement, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which (i) the Deliverable Obligation Terms are the same as the Reference Transaction and (ii) the Reference Transaction would not be an Auction Covered Transaction.

**"Pass-Through Event"** means in respect of any Reference Entity:

- (a) any event that (i) results in the Issuer or any of its agents or Affiliates receiving less than the full value of any principal, interest or other amounts due on any Obligation or Reference Obligation in respect of that Reference Entity on the date such amounts are due; or (ii) affects in any way the cost to or ability of the Issuer or its agents or Affiliates of acquiring, holding, realising or redeeming the Reference Obligations, or of hedging, directly or indirectly, the obligations of the Issuer in respect of the N&C Securities, or of converting any Obligation Currency amount into the Specified Currency or Settlement Currency, as the case may be, (or any other freely convertible and transferable currency) or vice versa;
- (b) any custodian used by the Issuer or any of its agents or Affiliates for the purposes of hedging exposure to the relevant Reference Entity in respect of the N&C Securities: (i) is dissolved, becomes insolvent or is unable to pay its debts as they become due, makes a general assignment, arrangement or composition with or for the benefit of its creditors, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any law, has a secured party take possession of all or substantially all its assets, or takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts or any analogous event or circumstance exists or occurs; or (ii) fails to do one or more of the following:
  - (A) deliver or credit any Obligation Currency, or Obligations owned by the Issuer or any of its agents or Affiliates, to the account of the Issuer (or of any of its agents or Affiliates) as instructed by the Issuer (or any of its agents or Affiliates);
  - (B) deliver any Obligation Currency to a third party when requested to do so by the Issuer (or any of its agents or Affiliates);
  - (C) surrender any Obligations owned by the Issuer (or any of its agents or Affiliates) when requested to do so by the Issuer (or any of its agents or Affiliates);



## *Credit Annex*

- (D) purchase or sell any Obligations or take any other action when instructed to do so by the Issuer (or any of its agents or Affiliates); or
  - (E) perform in a full and timely manner all of its obligations to the Issuer (or any of its agents or Affiliates) under any custodian or similar arrangements entered into by the Issuer (or any of its agents or Affiliates) at any time in relation to Obligations and/or an Obligation Currency (which shall include, for the avoidance of doubt, a repudiation or termination of any such arrangements without the prior consent of the Issuer (or any of its agents or Affiliates)); or
- (c) (i) (A) the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) by or in relation to the Reference Entity or by any governmental authority, (B) the issuance of any order or decree by any governmental authority, (C) any action being taken by a taxing authority in the jurisdiction of the Reference Entity, or (D) the occurrence of any other act or event at any time relating to withholding or deduction for or on account of tax in relation to any Obligations, which (in the case of (A), (B), (C) or (D) above) will adversely affect the economic value of any Obligation or Reference Obligation to the Hypothetical Investor; (ii) the imposition of taxes on the transfer of any relevant currency out of the jurisdiction of the Reference Entity, (iii) the imposition of any additional taxes on debt of the Reference Entity issued in the jurisdiction of the Reference Entity, or (iv) the imposition of any taxes on any conversion of an Obligation Currency into the Specified Currency or the Settlement Currency (as the case may be).

**"Payment Requirement"** means the amount specified as such in the applicable Pricing Supplement or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Pricing Supplement, 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.

**"Permissible Deliverable Obligations"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**"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 Amendment Notice"** has the meaning given to that term in Credit Linked Condition 3 (Physical Settlement).

**"Physical Settlement Date"** means, subject to the provisions of Credit Linked Condition 10 (Physical Delivery) in relation to any Deliverable Obligation, the last day of the longest Physical Settlement Period following the satisfaction of Conditions to Settlement (the **"Scheduled Physical Settlement Date"**) *provided that*:

- (a) if a Hedge Disruption Event has occurred and is continuing on the second (2nd) Business Day immediately preceding the Scheduled Physical Settlement Date, the Physical Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling 65 Business Days following the Scheduled Physical Settlement Date; or
- (b) if such day is not a Relevant Clearance Business Day, it shall be postponed to the immediately following Relevant Clearance Business Day.

**"Physical Settlement Period"** means, subject to Credit Linked Condition 12 (Settlement Suspension), the number of Business Days specified as such in the applicable Pricing Supplement or, if a number of Business Days is not so specified,

## *Credit Annex*

then, with respect to a Deliverable Obligation comprising an 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.

**"Portfolio Credit Linked N&C Security"** means each Credit Linked N&C Security indicated as such in the applicable Pricing Supplement, where the Issuer purchases credit protection from the Securityholders in respect of two or more Reference Entities on a *pro rata* basis. Satisfaction of the Conditions to Settlement with respect to any of the Reference Entities will, unless otherwise specified in the Pricing Supplement, result in a proportional redemption of the N&C Securities pursuant to these Credit Linked Conditions, by cash, physical or auction settlement, as specified in the applicable Pricing Supplement.

**"Portfolio Maturity Settled Credit Linked N&C Security"** means each Credit Linked N&C Security indicated as such in the applicable Pricing Supplement and in respect of which Cash Settlement or Auction Settlement is specified as applicable in the Pricing Supplement, where the Issuer purchases credit protection from the Securityholders in respect of two or more Reference Entities on a *pro rata* basis. Satisfaction of the Conditions to Settlement with respect to any of the Reference Entities will, unless otherwise specified in the applicable Pricing Supplement, result in a reduction of the Outstanding Redemption Amount of the N&C Securities on the date the related Final Price is calculated, provided that redemption of the N&C Securities by cash settlement or auction settlement pursuant to these Credit Linked Conditions shall not occur until the Maturity Date.

**"Potential Credit Event"** means a Potential Failure to Pay (if Failure to Pay is an applicable Credit Event in respect of the Reference Entity), a Potential Repudiation/Moratorium (if Repudiation/Moratorium is an applicable Credit Event in respect of the Reference Entity) or if a Credit Event Resolution Request Date has occurred and the relevant Credit Derivatives Determinations Committee has not made its determination, such event will be deemed to be a Potential Credit Event. A Credit Derivatives Determinations Committee and the Calculation Agent may each determine whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred.

**"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 (a) 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 on 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, the Guarantor or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer, the Guarantor or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation;
  - (ii) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
  - (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or

## *Credit Annex*

- (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.
  
- (b) In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the Obligation with respect to which a Credit Event has occurred and (ii) a holder of such Obligation, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to such Obligation.
  
- (c) In relation to any information of the type described in paragraphs (a)(ii), (iii) and (iv) above, the 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 the party receiving such information.
  
- (d) Publicly Available Information need not state:
  - (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
  
  - (ii) that such occurrence:
    - (A) has met the Payment Requirement or Default Requirement;
  
    - (B) is the result of exceeding any applicable Grace Period; or
  
    - (C) has met the subjective criteria specified in certain Credit Events.

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

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

**"Qualifying Guarantee"** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**) 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 (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, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified in the applicable Pricing Supplement. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Quotation"** means, in respect of any Reference Obligation or Valuation Obligation, 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:

## *Credit Annex*

- (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 or Valuation Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.
- (b) (i) If "Include Accrued Interest" is specified in the applicable Pricing Supplement in respect of Quotations, such Quotations shall include accrued but unpaid interest;
- (ii) if "Exclude Accrued Interest" is specified in the applicable Pricing Supplement in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
- (iii) if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Pricing Supplement in respect of Quotations, the Calculation Agent shall determine based on the then current market practice in the market of the Reference Obligation or Valuation Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

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

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

**"Quotation Method"** means the applicable Quotation Method specified in the applicable Pricing Supplement by reference to one of the following terms:

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

If a Quotation Method is not specified in the applicable Pricing Supplement, Bid shall apply.

## *Credit Annex*

**"Received Reference Obligations Interest Amount"** means any aggregate interest amount received on a Reference Obligation Interest Payment Date by the Hypothetical Investor in respect of a holding of Reference Obligations of an aggregate principal or nominal amount (if necessary rounded down to the nearest whole unit) equal to the Calculation Amount (or the Reference Obligation currency amount equivalent thereof), all as determined by the Calculation Agent.

**"Reference Obligation Interest Payment Date"** means any day on which the Hypothetical Investor receives payment on account of interest in respect of the Reference Obligations.

**"Reference Amount"** means the amount and the currency in which the Issuer has purchased credit protection from the Securityholders in respect of each Reference Entity, as specified in the applicable Pricing Supplement.

**"Reference Entity"** means the entity or entities specified as such in the applicable Pricing Supplement. Any Successor to a Reference Entity identified pursuant to the definition of **"Successor"** in this Credit Linked Condition 14 on or following the Trade Date (which may include an entity determined to be a Successor in accordance with the Rules) shall, in each case, be a 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 Pricing Supplement (if any are so specified or described) and any Substitute Reference Obligation.

**"Reference Transaction"** means a hypothetical credit derivative transaction:

- (a) for which the Deliverable Obligation Terms and the Reference Obligation are:
  - (i) the same as in respect of the N&C Securities (if such Deliverable Obligation Terms and Reference Obligation are specified in the applicable Pricing Supplement); or
  - (ii) if and to the extent the Deliverable Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation or Valuation Obligation determined by the Calculation Agent to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity;
- (b) with a scheduled termination date matching the Scheduled Maturity Date of the N&C Securities; and
- (c) otherwise having such other characteristics as the Calculation Agent may determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any credit derivative elections made in relation to the N&C Securities.

**"Relevant City Business Day"** has the meaning set out in the Rules.

**"Relevant Clearance Business Day"** is a day which is:

- (a) a Business Day; and
- (b)
  - (i) where the Deliverable Obligations are Bonds, a day on which the relevant clearance system for settlement of the Bonds is open for the acceptance and execution of settlement instructions other than a day on which such clearance system is scheduled to close prior to its regular weekday closing time; or
  - (ii) where the Deliverable Obligations are Loans, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the jurisdiction of the currency of denomination of the relevant Loan, or if such currency is euro, a day on which the TARGET2 System (as defined in the N&C Security Conditions) is open.

**"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

## *Credit Annex*

the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

**"Relevant Time"** means Greenwich Mean Time (or Tokyo time for the purpose of Japanese Reference Entities).

**"Replaced Deliverable Obligation Outstanding Amount"** has the meaning given to that term in Credit Linked Condition 3 (Physical Settlement)

**"Replacement Deliverable Obligation"** has the meaning given to that term in Credit Linked Condition 3 (Physical Settlement).

**"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:

- (a) an authorised officer of a Reference Entity or a Governmental Authority:
  - (i) 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
  - (ii) 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
- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

**"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is sixty (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 sixty (60) days after the date of such Potential Repudiation/Moratorium provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

**"Repudiation/Moratorium Extension Condition"** will be satisfied:

- (i) if ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date or, if Credit Linked Condition 9 (Maturity Date Extension) applies, the Postponed Maturity Date (determined by reference to the Relevant Time); or
- (ii) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available is specified as applicable in the applicable Pricing Supplement, a Notice of

## *Credit Annex*

Publicly Available Information on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date.

In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date (determined by reference to the Relevant Time).

**"Repudiation/Moratorium Extension Notice"** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is delivered.

**"Resolve"** has the meaning set out in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

**"Restructured Bond or Loan"** means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

**"Restructuring"** means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all the holders of that 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 (a) the Credit Event Backstop Date applicable to the relevant N&C Securities and (b) 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

## *Credit Annex*

- (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 Credit Linked Condition 16 (Provisions relating to Multiple Holder Obligation), the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Pricing Supplement, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

**"Restructuring Date"** means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

In the event that the Scheduled Maturity Date is later than (i)(A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (ii) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Revised Currency Rate"** means, with respect to a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Principal Balance or Due and Payable Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time or (b) if such rate is not available at such time, by the Calculation Agent.

**"Rules"** has the meaning given to that term in the definition of "Credit Derivatives Determinations Committees" above.

**"Scheduled Maturity Date"** has the meaning specified in the applicable Pricing Supplement.

**"Settlement Currency"** means the currency specified as such in the applicable Pricing Supplement, or if no currency is specified in the applicable Pricing Supplement, the Specified Currency of the N&C Securities.

**"Settlement Method"** means, if (a) Auction Settlement is specified as the applicable Settlement Method in the applicable Pricing Supplement, Auction Settlement, (b) Cash Settlement is specified as the applicable Settlement Method in the applicable Pricing Supplement, Cash Settlement, or (c) Physical Delivery is specified as the applicable Settlement Method in the applicable Pricing Supplement, Physical Delivery.

**"Single Valuation Date"** shall have the meaning as specified in the definition of "Valuation Date" below.

**"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.



## *Credit Annex*

**"Sovereign Restructured Deliverable Obligation"** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Pricing Supplement, and, subject to sub-paragraph (3) of sub-paragraph (B) (Interpretation of Provisions) in the definition of "Deliverable Obligation", having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Pricing Supplement, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

**"Sovereign Restructured Valuation 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 Valuation Obligation Category specified in the applicable Pricing Supplement, and, subject to sub-paragraph (3) of sub-paragraph (B) (Interpretation of Provisions) in the definition of "Valuation Obligation", having each of the Valuation Obligation Characteristics, if any, specified in the applicable Pricing Supplement, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Valuation Obligation Category or Valuation Obligation Characteristics after such Restructuring.

**"Specified Number"** means the number of Public Source(s) specified in the applicable Pricing Supplement, or if no number is specified in the applicable Pricing Supplement, two.

**"Standard Unwind Costs"** shall have the meaning as specified in the definition of "Unwind Costs" below.

**"Substitute Reference Obligation"** means any of (1) the relevant Substitute Reference Obligation(s) specified in the applicable Pricing Supplement or (2) one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Pricing Supplement, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations in respect of such Reference Entity, identified by the Calculation Agent in accordance with the following procedures:

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

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

- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (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 the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Pricing Supplement, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations

## *Credit Annex*

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 Extension Date. If (A) either (x) Cash Settlement is specified as the Settlement Method in the applicable Pricing Supplement (or is applicable pursuant to the Fallback Settlement Method) and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or (y) either Auction Settlement or Physical Delivery is specified as the Settlement Method in the applicable Pricing Supplement (or, in the case of Physical Delivery, is applicable pursuant to the Fallback Settlement Method) and, in each case, the Reference Obligation is the only Deliverable Obligation or (z) if Valuation Obligation is specified as applicable in the applicable Pricing Supplement and the Reference Obligation is the only Valuation Obligation and (B) on or prior to the Extension Date, a Substitute Reference Obligation has not been identified, the Issuer shall have the right on or after the Extension Date to early redeem the N&C Securities at the Early Redemption Amount (determined by the Calculation Agent taking into account the creditworthiness of the Reference Entity at the time of early redemption) by notice to Securityholders in accordance with N&C Security Condition 14 (Notices). Such notice shall contain details of the procedures and due date for such early redemption.

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

**"Succession Event"** means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, "Succession Event" shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar

## *Credit Annex*

event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to the Relevant Time) applicable to the relevant Series.

**"Succession Event Backstop Date"** means:

- (a) for purposes of any event that constitutes a Succession Event, as determined by DC Resolution, the date that is ninety (90) calendar days prior to the Succession Event Resolution Request Date (determined by reference to the Relevant Time); or
- (b) otherwise, the date that is ninety (90) calendar days prior to the earlier of:
  - (i) the date on which the Succession Event Notice is delivered; and
  - (ii) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Succession Event Notice is delivered by the Calculation Agent to the Issuer not more than fourteen (14) calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date.

The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention unless specified in the applicable Pricing Supplement that the Succession Event Backstop Date will be adjusted in accordance with a specified Business Day Convention.

**"Succession Event Notice"** means a notice from the Calculation Agent to the Issuer that describes a Succession Event that occurred on or after the Succession Event Backstop Date (determined by reference to the Relevant Time).

A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination, of (i) whether a Succession Event has occurred and (ii) if relevant, the identity of any Successor(s).

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

- (a) whether an event that constitutes a Succession Event for purposes of a Series has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (i) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (ii) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**"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. (75%) or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;

### *Credit Annex*

- (ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (25%) (but less than seventy-five per cent.(75%)) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. (25%) of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. (25%) 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. (25%) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. (25%) of the Relevant Obligations of the Reference Entity remain with Reference Entity, the entities that succeed to more than twenty-five per cent. (25%) of the Relevant Obligations will each be a Successor and these Credit Linked Conditions and/or the applicable Pricing Supplement will be adjusted as provided below;
  - (iv) if one or more entity each directly or indirectly succeed to more than twenty-five per cent. (25%) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent. (25%) 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 Credit Linked Conditions and/or the applicable Pricing Supplement will be adjusted as provided below;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. (25%) 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. (25%) 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 Reference Entity that is a Sovereign, each entity which becomes a direct or indirect successor to that Reference Entity by way of Succession Event irrespective of whether any such successor assumes any of the obligations of such Reference Entity.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen (14) calendar days after the legally effective date of the occurrence of the relevant Succession Event), and with effect from the legally effective date of the occurrence of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable provided that the Calculation Agent will not make any such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a) above and paragraphs (a) and (b)(i) of the definition of Succession Event Resolution Request Date (in the case of a Reference Entity that is not a Sovereign) or (b) above and paragraphs (a) and (b)(ii) of the definition of Succession Event Resolution Request Date (in the case of a Sovereign Reference Entity) are satisfied in accordance with the Rules (until such time (if any) that ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (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 Securityholder(s) at the specified office of the Principal Paying Agent.

## *Credit Annex*

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 Credit Linked Conditions and/or the applicable Pricing Supplement as it 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 Credit Linked Conditions and/or the applicable Pricing Supplement in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the N&C Securities under the provisions of the 2003 ISDA Credit Derivatives Definitions and any relevant publication published by ISDA.

Where First to Default is specified as applicable in the applicable Pricing Supplement, the additional provisions (1) – (3) below will also apply. These provisions are in addition to and without prejudice to the rights of the Issuer under the provisions of Credit Linked Condition 13 (*Redemption Following a Merger Event*) which will apply where Merger Event is specified as applying in the applicable Pricing Supplement. In particular the Issuer may in each case determine in its sole discretion which of such provisions apply in the case of a Merger Event occurring.

(1) *Substitution Not Applicable*: Where any Reference Entity (the "**Surviving Reference Entity**") (other than the Reference Entity that is subject to the Succession Event) would be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to a Succession Event through the application of this definition of "Successor" and Substitution is specified as Not Applicable in the applicable Pricing Supplement, such Surviving Reference Entity shall be deemed a Successor to the Legacy Reference Entity.

(2) *Substitution Applicable*: Where any Reference Entity (the "**Surviving Reference Entity**") (other than the Reference Entity that is subject to the Succession Event) would be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to a Succession Event through the application of this definition of Successor and Substitution is specified as Applicable in the applicable Pricing Supplement:

- (a) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
- (b) the Calculation Agent may but is not required to select any Eligible Reference Entity in accordance with "(3) Selection of an Eligible Reference Entity" below as a Successor to the Legacy Reference Entity pursuant to that Succession Event.

(3) Selection of an Eligible Reference Entity:

"**Eligible Reference Entity**" means an entity:

- (i) that is in the same Moody's, S&P or any Other Rating Agency industry group (the "**Industry Requirement**") as the relevant Surviving Reference Entity, where:

"**Moody's**" means Moody's Investors Service, Inc. or any successor thereto;

"**S&P**" means Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. or any successor thereto; and

"**Other Rating Agency**" means any rating agency other than S&P or Moody's that publishes industry groups as selected by the Calculation Agent in its sole discretion;

- (ii) that has a bid-side credit spread on any day following the relevant Succession Event no greater than 110% (or such other Credit Spread Requirement if any specified in the applicable Pricing Supplement) of the bid-side credit spread of the relevant Surviving Reference Entity at that same time (the "**Credit Spread Requirement**"), in each case based on a credit default swap:

- (a) on market standard terms for the relevant entity as at the time of such determination;

### *Credit Annex*

- (b) in respect of a floating rate payer calculation amount equal to at least 50 per cent., but not more than 100 per cent., of the aggregate Outstanding Redemption Amounts of the N&C Securities outstanding at the relevant time; and
- (c) with a term equal to the period from (and including) the date of the determination to (and including) the Scheduled Maturity Date (the "**Remaining Term**") or, if the Calculation Agent determines it is or may be impractical to obtain quotations in respect of the Remaining Term, the term for the purposes of this sub-clause (c) shall be five years.

The bid-side credit spreads for the purpose of the Credit Spread Requirement shall be the unweighted arithmetic mean of the spread quotations obtained by the Calculation Agent (on the basis of the terms set out above) from at least three Quotation Dealers;

- (iii) that is principally traded in the credit derivatives market in respect of the same Geographical Region as the relevant Surviving Reference Entity, as determined in good faith and a commercially reasonable manner by the Calculation Agent, where:

"**Geographical Region**" means such region determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, to give best effect to then current credit derivatives market practice in respect of the relevant Surviving Reference Entity (and which may but does not have to be one of North America, Latin America, Western Europe, Eastern Europe, Australia/New Zealand, Singapore, Asia (excluding Japan) or Japan); and

- (iv) that is not the Issuer or an Affiliate of any Reference Entity or the Issuer both immediately prior to and following the relevant Succession Event, as applicable.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Securityholders in accordance with N&C Security Condition 14 (Notices), stating the adjustment to these Credit Linked Conditions and/or the applicable Pricing Supplement, the effective dates thereof 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 Pricing Supplement; and
- (B) one or more Successors to the relevant 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.

The Calculation Agent will also determine the Standard Terms as set out in Credit Linked Condition 24 (*Standard Terms*) which will apply to any Successor and/or all relevant elections in respect of the Successor for purposes of the Pricing Supplement in a commercially reasonable manner.

## *Credit Annex*

**"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 Pricing Supplement.

**"Transaction Auction Settlement Terms"** means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms selected by the Calculation Agent in accordance with this provision. In relation to a Credit Event (and as set out in the definition of Credit Derivatives Auction Settlement Terms), ISDA may publish one or more form(s) of Credit Derivatives Auction Settlement Terms on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) and may amend such forms from time to time. Each such form of Credit Derivatives Auction Settlement Terms shall set out, inter alia, definitions of "Auction", "Auction Cancellation Date", "Auction Covered Transaction" and "Auction Final Price Determination Date" in relation to the relevant Credit Event. The Transaction Auction Settlement Terms for purposes of the N&C Securities shall be the relevant form of Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction (as such term will be set out in the relevant Credit Derivatives Auction Settlement Terms). The Reference Transaction (as set out in the definition thereof) is a hypothetical credit derivative transaction included in these Credit Linked Conditions principally for the purpose of selecting the Credit Derivatives Auction Settlement Terms appropriate to the N&C Securities.

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

**"Underlying Obligation"** has the meaning given in "Qualifying Guarantee" above.

**"Underlying Obligor"** has the meaning given in the "Qualifying Guarantee" above.

**"Unwind Costs"** means the amount specified in the applicable Pricing Supplement or if "Standard Unwind Costs" are specified in the applicable Pricing Supplement, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption (in whole or in part) of the N&C Securities and the related termination, settlement or re-establishment (in whole or in part) of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each nominal amount of N&C Securities in the Calculation Amount.

**"Valuation Date"** means (a) where Physical Delivery is specified as applying in the applicable Pricing Supplement the day falling five (5) Business Days after the Final Delivery Date (as such term is defined in Credit Linked Condition 10 (Physical Delivery)), (b) where Valuation Obligation is specified as applying in the applicable Pricing Supplement a date falling no more than a number of Business Days equal to the relevant Valuation Obligation Determination Period following the Credit Event Determination Event, as selected by the Calculation Agent or (c) otherwise, if "Single Valuation Date" is specified in the applicable Pricing Supplement, the date that is the number of Business Days specified in the Pricing Supplement after the satisfaction of all Conditions to Settlement or, if the number of Business Days is not so specified, five Business Days after the satisfaction of all Conditions to Settlement (or, if Cash Settlement is applicable pursuant to the Fallback Settlement Method, the date that is the number of Business Days specified in the applicable Pricing Supplement or, if the number of Business Days is not so specified, five Business Days after the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable), and if "Multiple Valuation Dates" is specified in the applicable Pricing Supplement, each of the following dates:

- (i) Subject to Credit Linked Condition 12 (Settlement Suspension) the date that is the number of Business Days specified in the applicable Pricing Supplement (or, if the number of Business Days is not specified, five (5) Business Days) following the satisfaction of all Conditions to Settlement (or if Cash Settlement is the applicable

## *Credit Annex*

Fallback Settlement Method, the date that is the number of Business Days specified in the applicable Pricing Supplement (or, if the number of Business Days is not specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and

- (ii) each successive date that is the number of Business Days specified in the applicable Pricing Supplement (or if the number of Business Days is not so specified, five (5) Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the applicable Pricing Supplement, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Pricing Supplement (or, if the number of Valuation Dates is not so specified, five (5) Valuation Dates).

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

### "Valuation Method":

- (a) The following Valuation Methods may be specified in the applicable Pricing Supplement for a Series with only one Reference Obligation or Valuation Obligation and only one Valuation Date:

- (i) "**Market**" means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
- (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Pricing Supplement, the Valuation Method shall be Highest.

- (b) The following Valuation Methods may be specified in the applicable Pricing Supplement for a Series with only one Reference Obligation or Valuation Obligation and more than one Valuation Date:

- (i) "**Average Market**" means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
- (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
- (iii) "**Average Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

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

- (c) The following Valuation Methods may be specified in the applicable Pricing Supplement for a Series with more than one Reference Obligation or Valuation Obligation and only one Valuation Date:

- (i) "**Blended Market**" means the unweighted arithmetic mean of the Market Value for each Reference Obligation or Valuation 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 or Valuation Obligation with respect to the Valuation Date.



## *Credit Annex*

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

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

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

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

"**Valuation Obligation**" means:

- (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 Pricing Supplement, as provider of any Qualifying Guarantee) determined pursuant to the method described in "(A) Method for Determining Valuation Obligations" below (but excluding any Excluded Valuation Obligation specified in the applicable Pricing Supplement) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event" above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date of selection of the relevant Valuation Obligation, 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 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 (d)(A)(2)(i) below, each Reference Obligation, unless specified in the applicable Pricing Supplement as an Excluded Valuation Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Valuation Obligation (but excluding any Excluded Valuation 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) to (d) of the definition of "Credit Event" above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Valuation Obligations is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and

## *Credit Annex*

(d) any Additional Valuation Obligation of a Reference Entity specified as such in the applicable Pricing Supplement.

(A) **Method for Determining Valuation Obligations.** For the purposes of this definition of "Valuation Obligation", the term "Valuation Obligation" may be defined as each obligation of each Reference Entity described by the Valuation Obligation Category specified in the applicable Pricing Supplement, and, subject to (B)(2) below, having each of the Valuation Obligation Characteristics, if any, specified in the applicable Pricing Supplement, in each case, as of the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

(1) **"Valuation 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 Valuation Obligations, the definition of "Reference Obligations Only" shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligations Only).

(2) **"Valuation Obligation Characteristics"** means any one or more of Not Subordinated, Credit Linked 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 first date of selection of the relevant Valuation Obligation and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Valuation Obligation Characteristics if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the date of selection of the relevant Valuation Obligation.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Valuation Obligation only if the rights referred to in clauses (A) and (B) of the preceding paragraph have not been exercised (or such exercise has been effectively rescinded) on or before the date of selection of the relevant Valuation Obligation;

(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;

### *Credit Annex*

- (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 Securityholder that provides each Securityholder 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 Securityholder and either (A) the Issuer or the Guarantor (as applicable) (in either case, to the extent that the Issuer or the Guarantor (as applicable), 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 first Valuation Date of not greater than the period specified in the applicable Pricing Supplement;
  - (vii) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the first Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
  - (viii) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system.
- (B) Interpretation of Provisions.
- (1) If the Obligation Characteristic "Listed" is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;

### *Credit Annex*

- (2) if (i) either of the Valuation Obligation Characteristics "Listed" or "Not Bearer" is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Valuation Obligation Category; (ii) the Valuation Obligation Characteristic "Transferable" is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Valuation Obligation Category); or (iii) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Valuation Obligation Category;
- (3) if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Valuation Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Valuation Obligation Characteristics, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics; and
- (4) in the event that an Obligation or a Valuation Obligation is a Qualifying Guarantee, the following will apply:
  - (i) For purposes of the application of the Obligation Category or the Valuation 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 Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Valuation Obligation Characteristics, if any, specified in the applicable Pricing Supplement from the following list: Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Pricing Supplement, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
  - (iii) For purposes of the application of the Obligation Characteristics or the Valuation Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Valuation Obligation Characteristic of Not Subordinated, if specified in the applicable Pricing Supplement.
  - (iv) For purposes of the application of the Obligation Characteristics or the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Valuation Obligation Characteristics, if any, specified in the applicable Pricing Supplement from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable

## *Credit Annex*

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 Valuation 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 the Credit Linked Conditions, including without limitation, the definition of "Quotation Amount" in Credit Linked Condition 11), 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.
- (5) If only one Valuation Date is specified in the applicable Pricing Supplement, any reference in these Credit Linked Conditions to the first Valuation Date shall be deemed to be a reference to such Valuation Date.
- (6) Where the Standard Terms are applicable to determine the Valuation Obligations the row entitled "Physical Settlement Period" shall not be applicable.

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

**"Valuation Obligation Determination Period"** means the number of Business Days specified as such in the applicable Pricing Supplement.

**"Valuation Time"** means the time specified as such in the applicable Pricing Supplement or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

**"Voting Shares"** has the meaning given in the definition of "Downstream Affiliate" above.

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

### 15. CREDIT EVENT NOTICE AFTER RESTRUCTURING CREDIT EVENT

Notwithstanding anything to the contrary in these Credit Linked Conditions, upon the occurrence of a Restructuring with respect to a Series for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Pricing Supplement:

- (a) the Calculation Agent may deliver multiple Credit Event Notices with respect to such Restructuring, each such Credit Event Notice setting forth an amount (the **"Partial Redemption Amount"**) that may be less than the Reference Amount in respect of the relevant Reference Entity. In such circumstances, the Credit Event Portion shall be deemed to be the Partial Redemption Amount only, and each such N&C Security shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (b) For the avoidance of doubt (i) the Outstanding Redemption Amount of each such N&C Security not so redeemed in part shall remain outstanding and interest shall accrue on the Outstanding Redemption Amount of such N&C Security as provided in Credit Linked Condition 4 (Auction Settlement) (adjusted in such manner as the

## *Credit Annex*

Calculation Agent determines to be appropriate), (ii) the provisions of Credit Linked Condition 1 (Redemption of Credit Linked N&C Securities) and related provisions shall apply to the Outstanding Redemption Amount of such N&C Security 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) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable or deliverable to Securityholders under the relevant Series, the Calculation Agent will (x) determine such adjustment(s) to these Credit Linked Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Credit Linked Condition 15 and (y) the effective date of such adjustment(s).

- (c) If the provisions of this Credit Linked Condition 15 apply in respect of the N&C Securities, on redemption of part of each such N&C Security the relevant N&C Security or, if the N&C Securities are represented by a Global N&C Security, such Global N&C Security, shall be endorsed to reflect such part redemption.
- (d) If any N&C Security represented by a Rule 144A Global N&C Security is to be redeemed (in whole or in part) by delivery of an Asset Amount, the relevant provisions relating to such delivery shall be set out in the applicable Pricing Supplement.
- (e) In the case of N&C Securities for which First to Default is specified as applicable in the applicable Pricing Supplement, where a Partial Redemption Amount applies then subsequent Credit Event Notices may only be delivered in respect of that Reference Entity for which the first Credit Event Notice referred to above is delivered.

### **16. PROVISIONS RELATING TO MULTIPLE HOLDER OBLIGATION**

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 sub-paragraphs (i) to (v) of the definition of "Restructuring" shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

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

### **17. PROVISIONS TAKEN FROM THE ISDA SUPPLEMENT TITLED "ADDITIONAL PROVISIONS - MONOLINE INSURER AS REFERENCE ENTITY (MAY 2003)"**

If this Credit Linked Condition 17 is specified as applicable in the applicable Pricing Supplement, the following provisions will apply:

- (a) **Obligation and Deliverable Obligation and Valuation Obligations.** Paragraph (a) of the definition of "Obligation" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) and paragraph (a) of the definition of "Deliverable Obligation" and "Valuation Obligation" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".
- (b) **Interpretation of Provisions.** In the event that an Obligation or a Deliverable Obligation or a Valuation Obligation is a Qualifying Policy, paragraph (b) of the definition of "Deliverable Obligation" and "Valuation Obligation" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) 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:

### *Credit Annex*

- (A) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond and the Valuation 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 and the Valuation Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in this Credit Linked Condition 17 in respect of such an Insured Instrument shall be construed accordingly;
  - (B) 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;
  - (C) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured or the Valuation Obligation Characteristic of Accelerated or Matured, as the case may be, whether or not that characteristic is otherwise specified as applicable in the applicable Pricing Supplement;
  - (D) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics or Valuation Obligation Characteristic, as the case may be are specified in the applicable Pricing Supplement and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and
  - (E) 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 or Valuation Obligation Characteristic, as the case may be, 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 or the Not Contingent Valuation Obligation Characteristic, as the case may be, 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 Credit Linked Condition 17 is applicable, no inference should be made as to the interpretation of the "Not Contingent" Deliverable Obligation Characteristic or the "Not Contingent" Valuation Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations or Valuation Obligations other than Qualifying Policies.
- (d) Deliver. For the purposes of "Deliver" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities), "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 "Deliver" 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 Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) 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 Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) is hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee". For

## *Credit Annex*

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 the purposes of paragraph (a)(ii) of the definition of "Deliverable Obligation" or "Valuation Obligation" and the definitions of "Credit Event" and "Deliver" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) 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 Credit Linked Condition 17 (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 Credit Linked Condition 17(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.

### 18. **PROVISIONS TAKEN FROM THE ISDA SUPPLEMENT TITLED "ADDITIONAL PROVISIONS — MONOLINE INSURER AS REFERENCE ENTITY (MAY 2005)"**

If Credit Linked Condition 18 is specified as applicable in the applicable Pricing Supplement, the following provisions will apply:

- (a) Obligation, Deliverable Obligation and Valuation Obligations. Paragraph (a) of the definition of "Obligation" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) and paragraph (a) of the definition of "Deliverable Obligation" and "Valuation Obligation" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".
- (b) Interpretation of Provisions. In the event that an Obligation, a Deliverable Obligation or a Valuation Obligation is a Qualifying Policy, paragraph (b) of the definition of "Deliverable Obligation" and "Valuation Obligation" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) 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:
  - (A) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond and the Valuation 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 and the Valuation Obligation Category



### *Credit Annex*

Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in this Credit Linked Condition 18 in respect of such an Insured Instrument shall be construed accordingly;

- (B) 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;
  - (C) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured or the Valuation Obligation Characteristic of Accelerated or Matured, as the case may be, whether or not that characteristic is otherwise specified as applicable in the applicable Pricing Supplement;
  - (D) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristic or Valuation Obligation Characteristic, as the case may be, are specified in the applicable Pricing Supplement and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and
  - (E) 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 or Valuation 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) For the avoidance of doubt if Credit Linked Condition 18 is specified as applying in the applicable Pricing Supplement the amendments to paragraph (b) of the definition of "Deliverable Obligation" or "Valuation Obligation" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) provided in Credit Linked Condition 19 shall not be construed to apply to Qualifying Policies and Insured Instruments.
  - (d) Not Contingent. An Insured Instrument will not be regarded as failing to satisfy the Net Contingent Deliverable Obligation Characteristic or Not Contingent Valuation Obligation Characteristic, as the case may be, 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 Credit Linked Condition 18 applicable, no inference should be made as to the interpretation of the "Not Contingent" Deliverable Obligation Characteristic or the "Not Contingent" Valuation Obligation Characteristic in the content of limited recourse or similar terms, applicable to Deliverable Obligations or Valuation Obligations other than Qualifying Policies.
  - (e) Deliver. For the purposes of the definition of "Deliver" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities), "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.
  - (f) Provisions for Determining a Successor. The paragraph commencing "For the purposes of this definition of "Successor" ..." in the definition of "Successor" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) is hereby amended by adding "or insurer" after "or guarantor".
  - (g) Substitute Reference Obligation. The first paragraph of the definition of "Substitute Reference Obligation" and paragraph (b) thereof in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".

## *Credit Annex*

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.

- (h) Restructuring.
- (A) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (i) to (v) inclusive of the definition of "Restructuring" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) are hereby amended to read as follows:
- (1) a reduction in the rate or amount or the Instrument Payment in clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
  - (2) a reduction in the amount of the Instrument Payments described in clause (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
  - (3) a postponement or other deferral of a date or dates for either (A) the payment or accrual of the Instrument Payments described in clause (A)(x) of the definition thereof or (B) the payment of the Instrument Payments described in clause (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
  - (4) a change in the ranking in priority of payment of (A) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (B) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
  - (5) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency.
- (B) Paragraph (c) of the definition of "Restructuring" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) is hereby amended by adding "or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy" after "Reference Entity".
- (C) The definitions of "Restructuring in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) is hereby amended by the insertion of the following paragraph after the final paragraph thereof:
- "For purposes of the definition of "Restructuring" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) and if Credit Linked Condition 16 (Provisions relating to Multiple Holder Obligation) is specified as applying in the applicable Pricing Supplement for the purposes of this Annex the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in the definition of "Restructuring" shall be deemed to refer to the Insured Obligor and the references to the Reference Entity in paragraphs (a) to (c) inclusive in the definition of "Restructuring" shall continue to refer to the Reference Entity."

## *Credit Annex*

- (i) Fully Transferable Obligation and Conditionally Transferable Obligation. In the event that a Fully Transferable Obligation and/or Conditionally Transferable Obligation is specified as applying in the applicable Pricing Supplement and a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument. References in the definition of Conditionally Transferable Obligation to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "final maturity date", as such term is used in Credit Linked Condition 3 (Physical Settlement) and the definition of "Restructuring Maturity Limitation Date", shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (j) Other Provisions. For purposes of paragraph (a)(ii) of the definition of "Deliverable Obligation" or "Valuation Obligation", as the case may be, and the definition of "Credit Event" and "Deliver" in Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities), references to the "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor", respectively.
- (k) 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 Credit Linked Condition) (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 payment 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 sub-paragraph (d) 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 measures of unreimbursed principal investment.

### **19. SUPPLEMENT TO PROVISIONS RELATING TO QUALIFYING GUARANTEE AND UNDERLYING OBLIGATION**

- (a) If this Credit Linked Condition 19 is specified as applicable in the applicable Pricing Supplement, Credit Linked Condition 14 (Definitions Applicable to Credit Linked N&C Securities) shall be amended by:

- (A) 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. (50%) owned, directly or indirectly, by the Reference Entity;

## *Credit Annex*

- (B) the deletion of paragraphs (B)(4)(ii) and (B)(4)(iii) of the definition of "Deliverable Obligation" or "Valuation Obligation", as the case may be, 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 or the Valuation 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 or Valuation Obligation Characteristics, if any, specified in the applicable Pricing Supplement from the following list: Not Subordinated, Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Pricing Supplement, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law."; and

- (C) 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 of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation".

## 20. ADDITIONAL PROVISIONS FOR LPN REFERENCE ENTITIES

If Credit Linked Condition 20 is specified as applicable in the applicable Pricing Supplement, notwithstanding anything to the contrary in the Credit Linked Conditions, the following provisions will apply:

- (a) provisions relating to Multiple Holder Obligation will be deemed to be Not Applicable with respect to any Reference Obligation (and any Underlying Loan);
- (b) each Reference Obligation will be an Obligation, notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Obligation" in Credit Linked Condition 14, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity;
- (c) each Reference Obligation will be a Deliverable Obligation or Valuation Obligation, as the case may be, notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to, the definition of "Deliverable Obligation" or "Valuation Obligation" in Credit Linked Condition 14 and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.

For the avoidance of doubt with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation.

The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic and Valuation Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity;

- (d) the definition of Reference Obligation shall be deleted and the following substituted therefor:

**"Reference Obligation"** means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the applicable Pricing Supplement or set forth on the relevant LPN Reference Obligations

## *Credit Annex*

List (each a "**Markit Published LPN Reference Obligation**"), as published by Markit Group Limited, or any successor thereto, which list is as of the Trade Date available at <http://www.markit.com/marketing/services.php>, any Additional LPN and each Additional Obligation."; and

(e) the following additional definitions shall apply:

"**Additional LPN**" means any bond issued in the form of a loan participation note (an "**LPN**") by an entity (the "**LPN Issuer**") for the sole purpose of providing funds for the LPN Issuer to (a) finance a loan to the Reference Entity (the "**Underlying Loan**") or (b) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the "**Underlying Finance Instrument**"), provided that (i) either (x) in the event that there is an Underlying Loan with respect to such LPN the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity or (y) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics; (ii) the LPN satisfies the following Deliverable Obligation Characteristics or Valuation Obligation Characteristics, as applicable: Transferable, Not Bearer, Credit Linked Specified Currency – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and (iii) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs.

"**Additional Obligation**" means each of the obligations listed as an Additional Obligation of the Reference Entity in the applicable Pricing Supplement or set forth on the relevant LPN Reference Obligations List, as published by Markit Group Limited, or any successor thereto, which list is, as of the Trade Date, available at <http://www.markit.com/marketing/services.php>.

"**First Ranking Interest**" means a charge, security interest (or other type of interest having similar effect) (an "**Interest**"), which is expressed as being "first ranking", "first priority", or similar ("**First Ranking**") in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any related insolvency jurisdiction of the LPN Issuer).

"**LPN Reference Obligation**" means each Reference Obligation other than any Additional Obligation.

For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation constituting a Reference Obligation.

Each LPN Reference Obligation is issued for the sole purpose of providing funds for the Issuer to finance a loan to the Reference Entity. For the purposes of the Credit Linked Conditions each such loan shall be an Underlying Loan.

## 21. CALCULATION AGENT AND CALCULATION AGENT NOTICES

Whenever the Calculation Agent is required to act or exercise judgment in relation to these Credit Linked Conditions, 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 these Credit Linked Conditions, notify the Issuer, the Guarantor and the Securityholders of such determination. The Calculation Agent is not acting as a fiduciary for or as an adviser to the Securityholders in respect of its duties as Calculation Agent in connection with any N&C Securities.

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 these Credit Linked Conditions shall (in the absence of manifest error) be final and binding on the Issuer, the Guarantor and the Securityholders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the N&C Securities including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent, the Issuer and the

## ***Credit Annex***

Guarantor 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.

Any notice to be delivered by the Calculation Agent to the Issuer or the Guarantor, as applicable, pursuant to these Credit Linked Conditions, may be given in writing (including by facsimile and/or email) and/or by telephone. Any such 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.

### **22. AMENDMENT OF CREDIT LINKED CONDITIONS IN ACCORDANCE WITH MARKET CONVENTION**

The Calculation Agent may from time to time amend any provision of these Credit Linked Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary or desirable to reflect or govern market practice for credit derivative transactions. Any amendment made in accordance with this Credit Linked Condition 22 shall be notified to the Securityholders in accordance with N&C Security Condition 14 (Notices).

### **23. VARIATION OF SETTLEMENT**

If the applicable Pricing Supplement indicates that the Issuer has the option to vary settlement in respect of the N&C Securities, the Issuer may at its sole and absolute discretion in respect of each such N&C Security give notice pursuant to N&C Security Condition 14 (Notices) no later than the tenth (10th) Business Day following the relevant Credit Event Determination Date, that the Settlement Method or Fallback Settlement Method (as applicable) specified in the applicable Pricing Supplement shall be varied either:

- (i) where Cash Settlement is specified, from Cash Settlement to Physical Settlement; or
- (ii) where Physical Settlement is specified, from Physical Settlement to Cash Settlement.

### **24. STANDARD TERMS**

If Standard Terms are specified as applicable in the applicable Pricing Supplement, the provisions set out below in respect of the Standard Terms specified in the applicable Pricing Supplement in respect of the relevant Reference Entity(s) set out in this Credit Linked Condition 24 shall apply.

**Corporate Standard Terms**

**Part 1 – Corporate Standard Terms**

<b>Standard Terms</b>	<b>North American Corporate</b>	<b>North American High Yield Corporate</b>	<b>North American Monoline Insurer Corporate</b>	<b>European Corporate</b>	<b>European Insurance Corporate (Subordinated Debt)</b>	<b>Emerging European Corporate</b>	<b>Emerging European Corporate LPN</b>	<b>Australia &amp; New Zealand Corporate</b>	<b>Japan Corporate</b>	<b>Singapore Corporate</b>	<b>Latin American Corporate B</b>	<b>Latin American Corporate B&amp;L</b>	<b>Asia Corporate</b>
<b>All Guarantees</b>	Not Applicable	Not Applicable	Not Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
<b>Credit Event</b>	Bankruptcy Failure to Pay Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable	Bankruptcy Failure to Pay Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable	Bankruptcy Failure to Pay Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable	Bankruptcy Failure to Pay Restructuring Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable	Bankruptcy Failure to Pay Restructuring Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable	Bankruptcy Failure to Pay Grace Period Extension: Applicable Obligation Acceleration Repudiation/ Moratorium Restructuring Multiple Holder Obligation: Applicable for Loans and Not Applicable for Bonds	Bankruptcy Failure to Pay Grace Period Extension: Applicable Obligation Acceleration Repudiation/ Moratorium Restructuring Multiple Holder Obligation: Applicable for Loans and Not Applicable for Bonds	Bankruptcy Failure to Pay Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable	Bankruptcy Failure to Pay Payment Requirement: Japanese Payment Requirement Restructuring Multiple Holder Obligation: Not Applicable Default Requirement: Japanese Default Requirement	Bankruptcy Failure to Pay Restructuring	Bankruptcy Failure to Pay Grace Period Extension: Applicable Obligation Acceleration Repudiation/ Moratorium Restructuring Multiple Holder Obligation: Not Applicable	Bankruptcy Failure to Pay Grace Period Extension: Applicable Obligation Acceleration Repudiation/ Moratorium Restructuring	Bankruptcy Failure to Pay Restructuring
<b>Obligation Category</b>	Borrowed Money	Borrowed Money	Borrowed Money	Borrowed Money	Borrowed Money	Bond or Loan	Bond or Loan	Borrowed Money	Borrowed Money	Bond or Loan	Bond	Bond or Loan	Bond or Loan
<b>Obligation Characteristics</b>	None	None	None	None	None	Not Subordinated Not Domestic Currency Not Domestic Law Not Domestic Issuance	Not Subordinated Not Domestic Currency Not Domestic Law Not Domestic Issuance	None	Not Subordinated	Not Subordinated Credit Linked Specified Currency Standard Specified Currencies & Domestic Currency	Not Subordinated Not Domestic Currency Not Domestic Law Not Domestic Issuance	Not Subordinated Not Sovereign Lender Not Domestic Currency Not Domestic Law	Not Subordinated Not Sovereign Lender Not Domestic Currency Not Domestic Law

**Corporate Standard Terms**

Standard Terms	North American Corporate	North American High Yield Corporate	North American Monoline Insurer Corporate	European Corporate	European Insurance Corporate (Subordinated Debt)	Emerging European Corporate	Emerging European Corporate LPN	Australia & New Zealand Corporate	Japan Corporate	Singapore Corporate	Latin American Corporate B	Latin American Corporate B&L	Asia Corporate	
										Not Sovereign Lender		Not Domestic Issuance	Not Domestic Issuance	
<b>Deliverable Obligation Category / Valuation Obligation Category</b>	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond	Bond or Loan	Bond or Loan	
<b>Deliverable Obligation Characteristics / Valuation Obligation Characteristics</b>	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Domestic Law Not Contingent Not Domestic Issuance Assignable Loan Consent Required Loan Transferable Not Bearer	Not Subordinated Credit Linked Specified Currency Not Domestic Law Not Contingent Not Domestic Issuance Assignable Loan Consent Required Loan Transferable Not Bearer	Not Subordinated Credit Linked Specified Currency Not Domestic Law Not Contingent Not Domestic Issuance Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Domestic Law Not Contingent Not Domestic Issuance Transferable Not Bearer	Not Subordinated Credit Linked Specified Currency Not Sovereign Lender Not Domestic Law Not Contingent Not Domestic Issuance Assignable Loan Consent Required Loan Transferable Not Bearer	Not Subordinated Credit Linked Specified Currency Not Sovereign Lender Not Domestic Law Not Contingent Not Domestic Issuance Assignable Loan Consent Required Loan Transferable Not Bearer
<b>Physical Settlement Period</b>	As per definition of "Physical Settlement Period" in Credit Linked Condition 14	As per definition of "Physical Settlement Period" in Credit Linked Condition 14	As per definition of "Physical Settlement Period" in Credit Linked Condition 14	30 Business Days	30 Business Days	As per definition of "Physical Settlement Period" in Credit Linked Condition 14	As per definition of "Physical Settlement Period" in Credit Linked Condition 14	30 Business Days	30 Business Days	30 Business Days	As per definition of "Physical Settlement Period" in Credit Linked Condition 14	As per definition of "Physical Settlement Period" in Credit Linked Condition 14	30 Business Days	



*Corporate Standard Terms*

<b>Standard Terms</b>	<b>North American Corporate</b>	<b>North American High Yield Corporate</b>	<b>North American Monoline Insurer Corporate</b>	<b>European Corporate</b>	<b>European Insurance Corporate (Subordinated Debt)</b>	<b>Emerging European Corporate</b>	<b>Emerging European Corporate LPN</b>	<b>Australia &amp; New Zealand Corporate</b>	<b>Japan Corporate</b>	<b>Singapore Corporate</b>	<b>Latin American Corporate B</b>	<b>Latin American Corporate B&amp;L</b>	<b>Asia Corporate</b>
	capped at 30 Business Days	Condition 1 4 capped at 30 Business Days	capped at 30 Business Days										

***Sovereign Standard Terms***

**Part 2 – Sovereign Standard Terms**

<b>Standard Terms</b>	<b>Asian Sovereign</b>	<b>Emerging European &amp; Middle Eastern Sovereign</b>	<b>Australia Sovereign</b>	<b>New Zealand Sovereign</b>	<b>Japan Sovereign</b>	<b>Singapore Sovereign</b>	<b>Latin America Sovereign</b>	<b>Western European Sovereign</b>
<b>All Guarantees</b>	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
<b>Credit Event</b>	Failure to Pay Repudiation/ Moratorium Restructuring	Failure to Pay Grace Period Extension Applicable Obligation Acceleration Repudiation Moratorium Restructuring Multiple Holder Obligation: Not Applicable	Failure to Pay Repudiation/ Moratorium Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable	Failure to Pay Repudiation/ Moratorium Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable	Failure to Pay Payment Requirement: Japanese Payment Requirement Repudiation/ Moratorium Restructuring Multiple Holder Obligation: Not Applicable Default Requirement: Japanese Default Requirement Credit Linked Condition 15: Not Applicable	Failure to Pay Repudiation/ Moratorium Restructuring	Failure to Pay Grace Period Extension Applicable Obligation Acceleration Repudiation Moratorium Restructuring Multiple Holder Obligation: Not Applicable	Failure to Pay Repudiation/ Moratorium Restructuring
<b>Obligation Category</b>	Bond or Loan	Bond	Borrowed Money	Borrowed Money	Borrowed Money	Bond or Loan	Bond	Borrowed Money
<b>Obligation Characteristics</b>	Not Subordinated Not Sovereign Lender Not Domestic Law Not Domestic Issuance	Not Subordinated Not Domestic Law Not Domestic Issuance Not Domestic Currency	None	None	None	Not Subordinated Credit Linked Specified Currency: Standard Specified Currencies & Domestic Currency	Not Subordinated Not Domestic Law Not Domestic Issuance Not Domestic Currency	None

***Sovereign Standard Terms***

<b>Standard Terms</b>	<b>Asian Sovereign</b>	<b>Emerging European &amp; Middle Eastern Sovereign</b>	<b>Australia Sovereign</b>	<b>New Zealand Sovereign</b>	<b>Japan Sovereign</b>	<b>Singapore Sovereign</b>	<b>Latin America Sovereign</b>	<b>Western European Sovereign</b>
	Not Domestic Currency					Not Sovereign Lender		
<b>Deliverable Obligation Category / Valuation Obligation Category</b>	Bond or Loan	Bond	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond	Bond or Loan
<b>Deliverable Obligation Characteristics / Valuation Obligation Characteristics</b>	Not Subordinated Credit Linked Specified Currency Not Sovereign Lender Not Domestic Law Not Contingent Not Domestic Issuance Transferable Not Bearer Assignable Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Domestic Law Not Contingent Not Domestic Issuance Transferable Not Bearer	Not Subordinated Credit Linked Specified Currency: Standard Specified Currency & Domestic Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years	Not Subordinated Credit Linked Specified Currency: Standard Specified Currency & Domestic Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency: Standard Specified Currency & Domestic Currency Not Sovereign Lender Not Contingent Assignable Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Domestic Law Not Contingent Not Domestic Issuance Transferable Not Bearer	Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer
<b>Physical Settlement Period</b>	30 Business Days	As per definition of "Physical Settlement Period" in Credit Linked Condition 14	30 Business Days	30 Business Days	30 Business Days	30 Business Days	As per definition of "Physical Settlement Period" in Credit Linked Condition 14	30 Business Days

## ***Inflation Index Annex***

### **INFLATION INDEX ANNEX**

#### **ADDITIONAL TERMS AND CONDITIONS FOR INFLATION INDEX LINKED SECURITIES**

*The terms and conditions applicable to Inflation Index Linked Securities shall comprise (a) the General Terms and Conditions of the N&C Securities (the "N&C Security Conditions") and the additional Terms and Conditions set out below (the "Inflation Index Linked Conditions") or as applicable, (b) the General Terms and Conditions of the Warrants (the "Warrant Conditions") and the Inflation Index Linked Conditions, in each case, together with the Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Pricing Supplement (together with, (i) in the case of N&C Securities, the N&C Security Conditions and the Inflation Index Linked Conditions, or (ii) in the case of Warrants, the Warrant Conditions and the Inflation Index Linked Conditions, as the case may be, the "Conditions") and, in each case subject to completion and/or amendment in the applicable Pricing Supplement. In the event of any inconsistency between the N&C Security Conditions or Warrant Conditions, as applicable, and the Inflation Index Linked Conditions, the Inflation Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions or Warrant Conditions, as applicable, and/or the Inflation Index Linked Conditions and (ii) the Pricing Supplement, the Pricing Supplement shall prevail. References in the Inflation Index Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "Warrant" and "Warrants" as the context admits and references to "Securityholder" shall be deemed to be references to "N&C Securityholder" or "Warrantholder" as the context admits.*

*References below to a numbered N&C Security Condition or Warrant Condition, as the case may be, are to such numbered section of the N&C Security Conditions or Warrant Conditions, as applicable, and references to a numbered Inflation Index Linked Condition are to such numbered section as set out in this Inflation Index Annex. Defined terms used in this Inflation Index Annex or the related section of the Pricing Supplement where the same term may be used in another Annex (e.g. Determination Date, Hedging Party, Final Valuation Date or Averaging Date) shall have the meanings given in this Inflation Index Annex or in the section of the Pricing Supplement relating to Inflation Index Linked N&C Securities notwithstanding the same terms being used in another Annex or section of the Pricing Supplement.*

#### **1. INFLATION INDEX LINKED N&C SECURITIES**

This Inflation Index Linked Condition 1 will apply to N&C Securities only.

##### **(a) Inflation Index Linked Interest N&C Securities**

Unless previously redeemed or purchased and cancelled in accordance with the N&C Security Conditions or as specified in the applicable Pricing Supplement and subject to these Inflation Index Linked Conditions, each Inflation Index Linked Interest N&C Security will bear interest in the manner specified in the applicable Pricing Supplement and the Conditions.

##### **(b) Inflation Index Linked Redemption N&C Securities**

Unless previously redeemed or purchased and cancelled, each N&C Security will be redeemed by the Issuer by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement and the Conditions on the Maturity Date (subject as provided below).

#### **2. KEY DATES AND BASKETS**

##### **(a) Key Dates**

The applicable Pricing Supplement may specify a number of key dates (each a "Key Date") in respect of which an Inflation Index valuation is to be made. For each Key Date the relevant Reference Month, Determination Date(s), Inflation Cut-Off Date and, where applicable, End Date will be specified. The Calculation Agent will apply the provision of these Inflation Index Linked Conditions separately in each case to make the relevant Inflation Index valuation in relation to each Key Date accordingly. Each such Inflation Index level determined will be deemed to be an Observation Level, as specified in the applicable Pricing Supplement.

## *Inflation Index Annex*

(b) **Baskets**

The applicable Pricing Supplement may specify that the N&C Securities or Warrants, as applicable, relate to a single asset or a basket of assets. These Inflation Index Linked Conditions will apply to valuation and determinations in relation to each Inflation Index which forms the single asset or a constituent of the basket of assets referred to above.

### 3. INFLATION INDEX DELAY AND DISRUPTION PROVISIONS

(a) **Delay in Publication**

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Inflation Index has occurred with respect to any Determination Date, then the Relevant Level for such Inflation Index with respect to the relevant Reference Month subject to such Delayed Index Level Event (the "**Substitute Index Level**") shall be determined by the Calculation Agent as follows:

- (i) if "Related Bond" is specified as applicable for such Inflation Index in the relevant Pricing Supplement, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the relevant Related Bond;
- (ii) if (I) "Related Bond" is not specified as applicable for such Inflation Index in the relevant Pricing Supplement, or (II) the Calculation Agent is not able to determine a Substitute Index Level under (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

$$\text{Substitute Index Level} = \text{Base Level} \times \left( \frac{\text{Latest Level}}{\text{Reference Level}} \right); \text{ or}$$

- (iii) otherwise in accordance with any formula specified in the relevant Pricing Supplement,

in each case as of such Determination Date,

where:

**"Base Level"** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

**"Latest Level"** means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

**"Reference Level"** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall give notice to Securityholders, in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, of any Substitute Index Level calculated pursuant to this Inflation Index Linked Condition 3.

If the Relevant Level (as defined below) is published or announced at any time on or after the relevant Inflation Cut-off Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Inflation Index Linked Condition 3 will be the definitive level for that Reference Month.

## ***Inflation Index Annex***

### (b) **Cessation of Publication**

If the Calculation Agent determines that the level for the Inflation Index has not been published or announced for two (2) consecutive months, the Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index or the Inflation Index Sponsor otherwise cancels the Inflation Index, then the Calculation Agent shall determine a successor inflation index (the "**Successor Inflation Index**") (in lieu of any previously applicable Inflation Index) for the purposes of the Inflation Index Linked Securities by using the following methodology:

- (i) if at any time (other than after an early cancellation event has been designated by the Calculation Agent pursuant to Inflation Index Linked Condition 3(b)(v) below), a successor inflation index has been designated by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, such successor inflation index shall be designated a "Successor Inflation Index" notwithstanding that any other Successor Inflation Index may previously have been determined under Inflation Index Linked Conditions 3(b)(ii), 3(b)(iii) or 3(b)(iv) below;
- (ii) if a Successor Inflation Index has not been determined pursuant to Inflation Index Linked Condition 3(b)(i) above, and a notice has been given or an announcement has been made by the Inflation Index Sponsor, specifying that the Inflation Index will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the Inflation Index for purposes of the Inflation Index Linked Securities from the date that such replacement Inflation Index comes into effect;
- (iii) if a Successor Inflation Index has not been determined pursuant to Inflation Index Linked Conditions 3(b)(i) or 3(b)(ii) above, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be. If four or five responses are received and, of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If three responses are received and two or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If fewer than three responses are received or no Successor Inflation Index is determined pursuant to this Inflation Index Linked Condition 3(b)(iii), the Calculation Agent will proceed to Inflation Index Linked Condition 3(b)(iv) below;
- (iv) if no replacement index or Successor Inflation Index has been determined under Inflation Index Linked Conditions 3(b)(i), 3(b)(ii) or 3(b)(iii) above by the next occurring Inflation Cut-Off Date, the Calculation Agent, subject as provided below, will determine an appropriate alternative index from such Inflation Cut-Off Date, and such index will be deemed a "Successor Inflation Index"; or
- (v) if the Calculation Agent determines that there is no appropriate alternative index in relation to Inflation Index Linked Securities, the Issuer acting in good faith and in a commercially reasonable manner discretion may either (1) require the Calculation Agent to determine acting in good faith and in a commercially reasonable manner the appropriate adjustment, if any, to be made to the terms of the Securities to account for this event or (2) on giving notice to Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable, the Issuer shall redeem or cancel, as applicable all but not some only of the Inflation Index Linked Securities, each Inflation Index Linked Security being redeemed or cancelled, as applicable by payment of the relevant Early Redemption Amount, in the case of N&C Securities, or Early Cancellation Amount, in the case of Warrants. Payments will be made in such manner as shall be notified to the Securityholders in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable.

## ***Inflation Index Annex***

(c) **Rebasing of the Inflation Index**

If the Calculation Agent determines that the Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of the Inflation Index from the date of such rebasing; provided, however, that the Calculation Agent shall make adjustments as are made by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, if "Related Bond" is specified as applicable in the applicable Pricing Supplement, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased, or, if "Related Bond" is not specified as applicable in the applicable Pricing Supplement, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased.

(d) **Material Modification Prior to Last Occurring Inflation Cut-Off**

If, on or prior to the last occurring Inflation Cut-Off Date, the Inflation Index Sponsor announces that it will make a material change to the Inflation Index then the Calculation Agent shall make any such adjustments, if "Related Bond" is specified as applicable in the applicable Pricing Supplement, consistent with adjustments made to the Related Bond, or, if "Related Bond" is not specified as applicable in the applicable Pricing Supplement, only those adjustments to the Inflation Index necessary for the modified Inflation Index to continue as the Inflation Index.

(e) **Manifest Error in Publication**

To the extent that it has sufficient time and it is reasonable to do so prior to the relevant Maturity Date, in the case of N&C Securities, or Settlement Date, in the case of Warrants, if, within thirty (30) calendar days of publication, the Calculation Agent determines that the Inflation Index Sponsor has corrected the level of the Inflation Index to remedy a manifest error in its original publication, the Calculation Agent may, in its discretion, make such adjustments to the terms of the Inflation Index Linked Securities as it determines appropriate to account for the correction and will notify the Securityholders of any such adjustments in accordance with N&C Security Condition 14 (Notices) or Warrant Condition 11 (Notices), as applicable.

#### **4. ADDITIONAL DISRUPTION EVENTS**

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging and/or any Specified Additional Disruption Event in each case if specified as applying to Inflation Linked Index Securities in the applicable Pricing Supplement.

- (a) If an Additional Disruption Event occurs, the Issuer acting in good faith and in a commercially reasonable manner may either:
- (i) require the Calculation Agent to determine acting in good faith and in a commercially reasonable manner the appropriate adjustment, if any, to be made to any of the terms of the Securities to account for the Additional Disruption Event and determine the effective date of that adjustment;
  - (ii) in the case of N&C Securities, redeem the N&C Securities by giving notice to the Securityholders in accordance with N&C Security Condition 14 (Notices). If the N&C Securities are so redeemed the Issuer will pay each N&C Securityholder the Early Redemption Amount in respect of each N&C Security held by him. Payments will be made in such manner as will be notified to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices); or
  - (iii) in the case of Warrants, cancel the Warrants by giving notice to the Warrantholders in accordance with Warrant Condition 11 (Notices). If the Warrants are so cancelled the Issuer will pay each Warrantholder the Early Cancellation Amount in respect of each Warrant held by him determined taking into account the Additional Disruption Event. Payments will be made in such manner as will be notified to the Warrantholders in accordance with Warrant Condition 11 (Notices).

## *Inflation Index Annex*

- (b) Upon the occurrence of an Additional Disruption Event, the Issuer will give notice as soon as practicable to the Securityholders in accordance with N&C Security Condition 14 (Notices) (in the case of N&C Securities) or Warrant Condition 11 (Notices) (in the case of Warrants) stating the occurrence of the Additional Disruption Event (including giving details thereof) and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

### 5. INFLATION INDEX DISCLAIMER

The Securities are not sponsored, endorsed, sold or promoted by the Inflation Index or the Inflation Index Sponsor and the Inflation Index Sponsor does not make any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Inflation Index and/or the levels at which the Inflation Index stands at any particular time on any particular date or otherwise. Neither the Inflation Index nor the Inflation Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Inflation Index and the Inflation Index Sponsor is under no obligation to advise any person of any error therein. The Inflation Index Sponsor is not making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Securities. Neither the Issuer nor the Guarantor shall have liability to the Securityholders for any act or failure to act by the Inflation Index Sponsor in connection with the calculation, adjustment or maintenance of the Inflation Index. Neither the Issuer nor the Guarantor nor their Affiliates has any affiliation with or control over the Inflation Index or the Inflation Index Sponsor or any control over the computation, composition or dissemination of the Inflation Index. Although the Calculation Agent will obtain information concerning the Inflation Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, the Guarantor, their Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Inflation Index.

### 6. DEFINITIONS

For the purpose of the Inflation Index Linked Securities:

**"Change in Law"** means that, on or after the Trade Date (as specified in the applicable Pricing Supplement):

- (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines acting in good faith and in a commercially reasonable manner that (i) it has become illegal for any Hedging Party to hold, acquire or dispose of any relevant hedging arrangements in respect of the Inflation Index, and/or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Securities (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, any of its Affiliates or any other Hedging Party), or (iii) the performance of the Guarantor under the Guarantee has become unlawful.

**"Delayed Index Level Event"** means, in respect of any Determination Date and an Inflation Index, that the relevant Inflation Index Sponsor fails to publish or announce the level of such Inflation Index (the **"Relevant Level"**) in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time on or prior to the Inflation Cut-Off Date.

**"Determination Date"** means each date specified as such in the applicable Pricing Supplement.

**"End Date"** means each date specified as such in the applicable Pricing Supplement.

**"Fallback Bond"** means, in respect of an Inflation Index, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the relevant Inflation Index relates and which pays a coupon or



## ***Inflation Index Annex***

redemption amount which is calculated by reference to such Inflation Index, with a maturity date which falls on (a) the End Date specified in the applicable Pricing Supplement, (b) the next longest maturity after the End Date if there is no such bond maturing on the End Date, or (c) the next shortest maturity before the End Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the relevant Inflation Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent will select a new Fallback Bond on the same basis, but notwithstanding the immediately prior sentence, selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

**"Hedging Disruption"** means that any Hedging Party 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 any relevant price risk, including but not limited to currency risk, of the Issuer (or the Guarantor (as appropriate)) issuing and performing its obligations with respect to the Securities, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent.

**"Hedging Party"** means at any relevant time, the Issuer, or any of its Affiliates or any entity (or entities) providing the Issuer directly or indirectly with hedging arrangements in relation to the Securities as the Issuer may select at such time.

**"Increased Cost of Hedging"** means that any Hedging Party 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 market risk (including, without limitation, inflation price risk, foreign exchange risk and interest rate risk) of the Issuer (or the Guarantor (as appropriate)) issuing and performing its obligations with respect to the Securities, 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.

**"Inflation Cut-Off Date"** means, in respect of a Determination Date, five (5) Business Days prior to any due date or scheduled date for payment under the Securities for which valuation on the relevant Determination Date is relevant, unless otherwise stated in the applicable Pricing Supplement.

**"Inflation Index"** means each inflation index specified in the applicable Pricing Supplement and related expressions shall be construed accordingly.

**"Inflation Index Sponsor"** means, in relation to an Inflation Index, the entity that publishes or announces (directly or through an agent) the level of such Inflation Index which, as of the Issue Date, is the Inflation Index Sponsor specified in the applicable Pricing Supplement.

**"Observation Level"** means the relevant level of the Inflation Index observed by the Calculation Agent on the relevant Scheduled Observation Date as specified in the applicable Pricing Supplement.

**"Reference Month"** means the calendar month for which the level of the Inflation Index is reported as specified in the applicable Pricing Supplement, regardless of when this information is published or announced; except that if the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level is reported.

**"Related Bond"** means, in respect of an Inflation Index, the bond specified as such in the applicable Pricing Supplement. If the Related Bond specified in the applicable Pricing Supplement is "Fallback Bond", then, for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Pricing Supplement as the Related Bond and "Fallback Bond: Not Applicable" is specified in the applicable Pricing Supplement, there will be no Related Bond. If a bond is specified as the Related Bond in the applicable Pricing Supplement and that

### *Inflation Index Annex*

bond redeems or matures before the End Date (i) unless "Fallback Bond: Not Applicable" is specified in the applicable Pricing Supplement, the Calculation Agent shall use the Fallback Bond for any Related Bond determination and (ii) if "Fallback Bond: Not Applicable" is specified in the applicable Pricing Supplement, there will be no Related Bond.

**"Relevant Level"** has the meaning set out in the definition of "Delayed Index Level Event" above.

**"Specified Additional Disruption Event"** means each event specified as such in the applicable Pricing Supplement.

## *Commodity Annex*

### COMMODITY ANNEX

#### ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY LINKED N&C SECURITIES

*The terms and conditions applicable to Commodity Linked N&C Securities shall comprise the General Terms and Conditions of the N&C Securities (the "N&C Security Conditions"), the additional Terms and Conditions set out below (the "Commodity Linked Conditions") and the Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Pricing Supplement (together with the N&C Security Conditions and the Commodity Linked Conditions, the "Conditions"), in each case subject to completion and/or amendment in the applicable Pricing Supplement. In the event of any inconsistency between the N&C Security Conditions and the Commodity Linked Conditions, the Commodity Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions and/or the Commodity Linked Conditions and (ii) the applicable Pricing Supplement, the applicable Pricing Supplement shall prevail.*

*References below to a numbered N&C Security Condition are to such numbered section of the N&C Security Conditions and references to a numbered Commodity Linked Condition are to such numbered section as set out in this Commodity Annex. Defined terms used in this Commodity Annex or the related section of the Pricing Supplement where the same term may be used in another Annex (e.g. Exchange or Delivery Date) shall have the meanings given in this Commodity Annex or in the section of the Pricing Supplement relating to Commodity Linked N&C Securities notwithstanding the same terms being used in another Annex or section of the Pricing Supplement.*

#### 1. COMMODITY LINKED N&C SECURITIES

##### (a) Commodity Linked Interest N&C Securities

Unless previously redeemed or purchased and cancelled in accordance with the N&C Security Conditions or as specified in the applicable Pricing Supplement and subject to these Commodity Linked Conditions, each Commodity Linked Interest N&C Security will bear interest in the manner specified in the applicable Pricing Supplement and the N&C Security Conditions.

##### (b) Commodity Linked Redemption N&C Securities

Unless previously redeemed or purchased and cancelled, each Commodity Linked Redemption N&C Security will be redeemed by the Issuer by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement, on the Maturity Date.

#### 2. MARKET DISRUPTION AND DISRUPTION FALLBACK

If, in the opinion of the Calculation Agent, a Market Disruption Event (as defined below) has occurred and is continuing on any Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source), the Relevant Price for that Pricing Date will be determined by the Calculation Agent, in accordance with the first applicable Disruption Fallback (as set out below) that provides a Relevant Price. Subject as provided in Commodity Linked Condition 4(a), the provision of this Commodity Linked Condition 2 and each Business Day or Trading Day Convention set out in Commodity Linked Condition 8 will be applied separately in relation to each Commodity or Commodity Index.

##### (a) Market Disruption Event

"**Market Disruption Event**" means an event that in the determination of the Calculation Agent would give rise to or require an alternative basis for determining a Relevant Price were the event to occur or exist on any Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the Price Source). Without limitation this shall include the occurrence of any of the following events:

## *Commodity Annex*

- (i) with respect to all Commodities:
  - (A) Price Source Disruption;
  - (B) Commodity Trading Disruption;
  - (C) Disappearance of Commodity Reference Price;
  - (D) Commodity Tax Disruption;
  - (E) any additional Market Disruption Events as specified in the applicable Pricing Supplement; and
- (ii) with respect to all Commodities other than Bullion:
  - (A) Material Change in Formula;
  - (B) Material Change in Content; and
- (iii) with respect to a Commodity Index:
  - (A) a temporary or permanent failure by the applicable exchange or other price source to announce or publish (x) the Commodity Reference Price or (y) closing price for any futures contract included in the Commodity Index;
  - (B) a material limitation, suspension or disruption of trading in one or more of the futures contracts included in the Commodity Index which results in a failure by the exchange on which each applicable futures contract is traded to report a closing price for such contract on the day on which such event occurs or any succeeding day on which it continues; or
  - (C) the closing price for any futures contract included in the Commodity Index is a "limit price", which means that the closing price for such contract for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable exchange rules.

(b) **Disruption Fallback**

**"Disruption Fallback"** means a source or method that may give rise to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price when a Market Disruption Event occurs or exists on a day that is a Pricing Date in respect of the relevant Securities. A Disruption Fallback is applicable if it is specified in the applicable Pricing Supplement or, if no Disruption Fallback is specified in the applicable Pricing Supplement, the following Disruption Fallbacks will be deemed to have been specified and be applicable and shall mean subject as provided in the final paragraph of this Commodity Linked Condition 2:

- (i) with respect to a relevant Commodity, (in the following order):
  - (A) Fallback Reference Price (if applicable);
  - (B) Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of consecutive Commodity Business Days (or Bullion Business Days in respect of Bullion) specified as the applicable Specified Maximum Days of Disruption provided, however, that the price determined by Postponement shall be the Relevant Price only if Delayed Publication or Announcement does not yield a Relevant Price within the Specified Maximum Days of Disruption); and

## *Commodity Annex*

- (C) Calculation Agent Determination;
- (ii) with respect to a Commodity Index the Calculation Agent shall determine the Relevant Price subject as provided below by:
  - (A) using:
    - I. with respect to each futures contract included in the Commodity Index which is not affected by the Market Disruption Event on such Pricing Date, the closing prices of each such futures contract on the applicable exchange on such Pricing Date; and
    - II. with respect to each futures contract included in the Commodity Index which is affected by the Market Disruption Event on such Pricing Date, the closing prices of each such futures contract on the first Futures Trading Day following such Pricing Date on which no Market Disruption Event is occurring with respect to such futures contract,

in each case as of the Fallback Pricing Date.

- (B) If a Fallback Pricing Date is specified in the applicable Pricing Supplement to be applicable to any Pricing Date for a Commodity Index, and if:
  - I. following adjustment of such Pricing Date on account of the Scheduled Pricing Date not being a Trading Day, the Pricing Date would otherwise fall after the specified Fallback Pricing Date, then such Fallback Pricing Date shall be deemed to be such Pricing Date for such Commodity Index. If such Fallback Pricing Date is not a Trading Day for the Commodity Index, then the Calculation Agent will determine the Commodity Reference Price for the applicable Commodity Index, taking into consideration the latest available level of the Commodity Index and any other information that, acting in good faith and in a commercially reasonable manner, it deems relevant of such Commodity Index on such Fallback Pricing Date, and such determination by the Calculation Agent pursuant to this Commodity Linked Condition 2 shall be deemed to be the Commodity Reference Price for such Commodity Index in respect of the relevant Pricing Date; and/or
  - II. the closing price of a futures contract comprised in the Commodity Index would otherwise be used for the purposes of determining the Commodity Reference Price above would fall after the specified Fallback Pricing Date following the adjustment set out in (A)(II) above, then the closing price of such futures contract will instead be taken on such Fallback Pricing Date, and such closing price for the Fallback Pricing Date will be determined by the Calculation Agent, taking into consideration the latest available closing price for such futures contract, and any other information that, acting in good faith and in a commercially reasonable manner, it deems relevant.

Subject as provided below, the Calculation Agent shall determine the Relevant Price by reference to the closing prices determined in (A)I and (A)II above or as provided in (B) above using the then current method for calculating the Commodity Reference Price.

Where a Market Disruption Event with respect to one or more futures contracts included in the Commodity Index has occurred on the Scheduled Pricing Date and continues to exist for a number of Trading Days equal to the Specified Maximum Days of Disruption, the Calculation Agent shall determine the Relevant Price on the final such Trading Day. In calculating the Relevant Price as set out herein, the Calculation Agent shall use the formula for calculating the Commodity Reference Price last in effect prior to the Market Disruption Event.

## ***Commodity Annex***

If any Disruption Fallbacks are specified in the applicable Pricing Supplement, unless otherwise provided in the Pricing Supplement, then only that or those (as the case may be) Disruption Fallbacks shall apply and if two or more Disruption Fallbacks are specified, those Disruption Fallbacks shall apply in the order as specified in the relevant Pricing Supplement, such that if the Calculation Agent determines that the Commodity Reference Price cannot be determined by applying a Disruption Fallback, then the next Disruption Fallback specified shall apply, provided in all cases that, if the Commodity Reference Price cannot be determined using any Disruption Fallback so specified, then Calculation Agent Determination shall be deemed to apply.

### **3. FALLBACK PRICING DATES**

In respect of a Commodity, and notwithstanding any other terms of the Commodity Linked Conditions applicable to a Commodity, if a Fallback Pricing Date is specified in the relevant Pricing Supplement to be applicable to any Pricing Date and if, following adjustment of the original date on which the Pricing Date was scheduled to fall pursuant to the applicable Commodity Business Day Convention (or Bullion Business Day Convention) or, following the application of a Disruption Fallback pursuant to Commodity Linked Condition 2 (Market Disruption and Disruption Fallback) or adjustment of the Pricing Date pursuant to Commodity Linked Condition 4(a) (Common Pricing), the determination of a Commodity Reference Price, or the Pricing Date in respect of a Commodity, as applicable, would otherwise fall after the specified Fallback Pricing Date in respect of the Commodity, then the Fallback Pricing Date shall be deemed to be the Pricing Date for the Commodity.

If the Fallback Pricing Date is not a Commodity Business Day (or a Bullion Business Day), the Commodity Reference Price of such Commodity shall be subject to Calculation Agent Determination on such Fallback Pricing Date, and such determination by the Calculation Agent pursuant to this Commodity Linked Condition 3 shall be deemed to be the Commodity Reference Price in respect of the relevant Pricing Date.

### **4. TERMS RELATING TO CALCULATION OF PRICES**

#### **(a) Common Pricing**

With respect to Commodity Linked N&C Securities relating to a Basket of Commodities, if "Common Pricing" is specified in the applicable Pricing Supplement as:

- (i) "Applicable", then no date will be a Pricing Date unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Pricing Date) are scheduled to be published or announced, as determined on the Trade Date of the N&C Securities;
- (ii) "Not Applicable", then if the Calculation Agent determines that a Market Disruption Event (as defined above) has occurred or exists on the Pricing Date in respect of any relevant Commodity and/or Commodity Index (each an "**Affected Commodity**"), the Relevant Price of each Commodity and/or Commodity Index within the basket which is not affected by the occurrence of a Market Disruption Event shall be determined on its Scheduled Pricing Date and the Relevant Price for each Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback that provides a Relevant Price.

All determinations made by the Calculation Agent pursuant to this Commodity Linked Condition will be conclusive and binding on the Securityholders and the Issuer except in the case of manifest error.

#### **(b) Correction to Published Prices**

For purposes of determining or calculating the Relevant Price for any day, if the price published or announced on a given day and used or to be used by the Calculation Agent to determine a Relevant Price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 calendar days (or 90 calendar days, in connection with a weather index) after the original publication or announcement (or, if earlier the day falling two (2) Commodity Business Days (in the case of a Commodity), Bullion Business Days (in the case of Bullion) or Trading Days (in the case of a Commodity

## *Commodity Annex*

Index) preceding the date on which payment or delivery of any amount to be calculated by reference to such Relevant Price is due), the Calculation Agent may, in its sole discretion, use such corrected price in such calculation.

### 5. ADJUSTMENTS TO A COMMODITY INDEX

#### (a) **Successor Index Sponsor Calculates and Reports a Commodity Index**

If a relevant Commodity Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the "**Successor Index Sponsor**") acceptable to the Issuer, 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 Commodity Index, then in each case that index (the "**Successor Index**") will be deemed to be the Commodity Index.

#### (b) **Modification and Cessation of Calculation of a Commodity Index**

If (in the determination of the Calculation Agent) on or prior to a Pricing Date (i) the relevant Index Sponsor makes a material change in the formula for or the method of calculating a relevant Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain that Commodity Index in the event of changes in constituent commodities and weightings and other routine events), or (ii) the Index Sponsor permanently cancels a relevant Commodity Index or (iii) the Index Sponsor fails to calculate and announce a relevant Commodity Index and there is no Successor Index Sponsor or Successor Index then the Calculation Agent may at its option (in the case of (i)) and shall (in the case of (ii) and (iii)) (such events (i) (ii) and (iii) to be collectively referred to as "**Index Adjustment Events**") calculate the Relevant Price using in lieu of the published level for that Commodity Index, the level for that Commodity Index as at the relevant determination date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Commodity Index last in effect prior to the relevant Index Adjustment Event, but using only those futures contracts that comprised that Commodity Index immediately prior to the relevant Index Adjustment Event (other than those futures contracts that have ceased to be listed on any relevant exchange).

#### (c) **Commodity Index Substitution**

If the Calculation Agent determines, in its sole discretion, that it is not reasonably practicable or commercially reasonable (taking into account the costs involved) to calculate or continue to calculate the Commodity Index pursuant to the preceding paragraph, the Calculation Agent may rebase the N&C Securities against another index or basket of indices, as applicable, determined by the Calculation Agent to be comparable to the relevant Commodity Index, and, following such rebasing, the Calculation Agent will make such adjustment(s) that it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms of the N&C Securities to account for such rebasing.

#### (d) **Early Redemption**

If the Calculation Agent determines, in its sole discretion, that there is no such index or basket of indices comparable to the relevant Commodity Index, and/or that application of the preceding paragraphs would not achieve a commercially reasonable result, the Calculation Agent may determine that the N&C Securities shall be redeemed, in which event the Issuer will cause to be paid to each holder in respect of each N&C Security held by it an amount equal to the Early Redemption Amount (as defined in N&C Security Condition 7.7 (Early Redemption Amounts) and specified in the applicable Pricing Supplement).

#### (e) **Notices**

On making any such adjustment or determination, the Calculation Agent shall give notice as soon as practicable to the Holders stating the adjustment to any amount payable under the N&C Securities, the determination and/or

## *Commodity Annex*

any of the other relevant terms and giving brief details of the Index Adjustment Event, provided that any failure to give such notice shall not affect the validity of the Index Adjustment Event or any action taken.

### **6. COMMODITY INDEX DISCLAIMER**

The N&C Securities are not sponsored, endorsed, sold, or promoted by the Commodity Index or the Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Commodity Index and/or the levels at which the Commodity Index stands at any particular time on any particular date or otherwise. No Commodity Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Commodity Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the N&C Securities. The Issuer and the Guarantor shall have no liability to the Holders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment, or maintenance of the Index. Except as may be disclosed prior to the Issue Date and specified in the relevant Pricing Supplement, none of the Issuer, the Guarantor, the Calculation Agent or any of their respective affiliates has any affiliation with or control over the Commodity Index or Index Sponsor or any control over the computation, composition, or dissemination of the Commodity Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty, or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, the Guarantor, their affiliates, or the Calculation Agent as to the accuracy, completeness, and timeliness of information concerning the Commodity Index.

### **7. CONSEQUENCES OF AN ADDITIONAL DISRUPTION EVENT**

Following the determination by the Calculation Agent that an Additional Disruption Event has occurred, the Calculation Agent may, acting in good faith and in a commercially reasonable manner:

- (a) determine to make such adjustment to the interest, redemption, settlement, payment or any other terms of the N&C Securities as the Calculation Agent determines appropriate to account for such Additional Disruption Event; and/or
- (b) determine that the N&C Securities shall be redeemed, in which event the Issuer will cause to be paid to each Holder in respect of each N&C Securities held by it an amount equal to the Early Redemption Amount, as specified in the applicable Pricing Supplement.

### **8. DEFINITIONS**

**"Additional Disruption Event"** means (a) a Change in Law, (b) a Hedging Disruption and/or (c) an Increased Cost of Hedging.

**"Averaging Date"** means each date specified as an Averaging Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be subject to adjustment on the basis it is a Pricing Date (a) to which the Commodity Business Day Convention (in the case of a Commodity), the Bullion Business Day Convention (in the case of Bullion) and the Trading Day Convention (in the case of a Commodity Index) applied and (b) for the purposes of determining the consequences of a Disrupted Day occurring on any such day in accordance with the Commodity Linked Conditions.

**"Bloomberg Screen"** means, in respect of a Commodity Reference Price, when used in connection with any designated page, the display page so designated on the Bloomberg® service (or such other page as may replace that page on that service for the purpose of displaying prices comparable to such Commodity Reference Price, as determined by the Calculation Agent).

**"Bullion"** means each of gold, palladium, platinum and silver, and related expressions shall be construed accordingly.



## *Commodity Annex*

**"Bullion Business Day"** means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York.

**"Bullion Business Day Convention"** means the convention for adjusting any Pricing Date or other relevant date if it would otherwise fall on a day that is not a Bullion Business Day. If the relevant Pricing Supplement specifies, in respect of such Pricing Date or other date, that:

- (a) **"Following"** shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Bullion Business Day, the Pricing Date or other date will be the first following day that is a Bullion Business Day;
- (b) **"Modified Following"** shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Bullion Business Day, the Pricing Date or other date will be the first following day that is a Bullion Business Day, unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Bullion Business Day;
- (c) **"Nearest"** shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Bullion Business Day, the Pricing Date or other date will be (i) the first preceding day that is a Bullion Business Day if such date falls on a day other than a Sunday or Monday and (ii) the first following day that is a Bullion Business Day if such date falls on a Sunday or Monday;
- (d) **"Preceding"** shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Bullion Business Day, the Pricing Date or other date will be the first preceding day that is a Bullion Business Day; or
- (e) **"No Adjustment"** shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Bullion Business Day, the Pricing Date or other date will nonetheless be such Scheduled Pricing Date or other scheduled date.

If the relevant Pricing Supplement does not specify an applicable Bullion Business Day Convention, then it shall be deemed that "Modified Following" shall apply.

**"Calculation Agent Determination"** means that the Calculation Agent will determine the Relevant Price (or method for determining the Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that, acting in good faith and in a commercially reasonable manner, it deems relevant.

**"Change in Law"** means that, on or after the Trade Date (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, application, exercise or operation by any court, tribunal or regulatory authority, exchange or trading facility or any other relevant entity with competent jurisdiction of any applicable law, rule, regulation, order, decision or determination (including, without limitation, any action taken by a taxing authority or as implemented by the Commodity Futures Trading Commission), the Calculation Agent determines, acting in good faith and in a commercially reasonable manner, that (x) it has become illegal (or upon adoption, it will be illegal) to hold, acquire or dispose of any relevant commodity, futures contract, options contract, Hedge Position (in the aggregate on a portfolio basis or incrementally on a trade by trade basis) or other asset, or (y) the Hedging Party will incur a materially increased cost in performing its obligations in relation to the N&C Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Commodity"** and **"Commodities"** means, subject to adjustment in accordance with these Commodity Linked Conditions, in the case of an issue of Commodity Linked N&C Securities relating to a basket of Commodities, each commodity and, in the case of an issue of Commodity Linked N&C Securities relating to a single Commodity, the Commodity (each of which may include Bullion and which may refer to a specified futures contract for the purposes of determining a Commodity Reference Price), in each case specified in the applicable Pricing Supplement and related expressions shall be construed accordingly.

## *Commodity Annex*

"**Commodity Business Day**" means, in respect of a single Commodity (other than Bullion) or a basket of Commodities (excluding any Bullion) and:

- (a) where the Commodity Reference Price for a Commodity is a price announced or published by an Exchange, a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which such Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time; and
- (b) where the Commodity Reference Price for a Commodity is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price.

"**Commodity Business Day Convention**" means the convention for adjusting any Pricing Date or other relevant date if it would otherwise fall on a day that is not a Commodity Business Day. If the relevant Pricing Supplement specifies, in respect of such Pricing Date or other date, that:

- (a) "**Following**" shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Commodity Business Day, the Pricing Date or other date will be the first following day that is a Commodity Business Day;
- (b) "**Modified Following**" shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Commodity Business Day, the Pricing Date or other date will be the first following day that is a Commodity Business Day, unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Commodity Business Day;
- (c) "**Nearest**" shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Commodity Business Day, the Pricing Date or other date will be (i) the first preceding day that is a Commodity Business Day if such date falls on a day other than a Sunday or Monday and (ii) the first following day that is a Commodity Business Day if such date falls on a Sunday or Monday;
- (d) "**Preceding**" shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Commodity Business Day, the Pricing Date or other date will be the first preceding day that is a Commodity Business Day; or
- (e) "**No Adjustment**" shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Commodity Business Day, the Pricing Date or other date will nonetheless be such Scheduled Pricing Date or other scheduled date.

If the relevant Pricing Supplement does not specify an applicable Commodity Business Day Convention, then it shall be deemed that "Modified Following" shall apply.

"**Commodity Index**" means, subject to adjustment in accordance with the Commodity Linked Conditions, an index comprising various commodities or commodity prices or commodity futures contracts, as specified in the applicable Pricing Supplement, and related expressions shall be construed accordingly.

"**Commodity Reference Price**" means (i) in respect of all Commodities, the Commodity Reference Price specified in the applicable Pricing Supplement and (ii) in respect of a Commodity Index, the Commodity Reference Price specified in the applicable Pricing Supplement, or if not so specified, the official published closing level of such Commodity Index on the relevant day as calculated and published by the applicable Index Sponsor or as otherwise determined by the Calculation Agent, subject as provided in the Commodity Linked Conditions.

"**Commodity Tax Disruption**" means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference, the relevant Commodity (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority after

## *Commodity Annex*

the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on a day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal.

**"Commodity Trading Disruption"** means the material suspension of, or the material limitation imposed on, trading in the Futures Contract or the Commodity on the Exchange or in any additional futures contract, options contract or commodity on any Exchange as specified in the applicable Pricing Supplement.

For these purposes:

- (i) a suspension of the trading in the Futures Contract or the Commodity on any Commodity Business Day or Bullion Business Day shall be deemed to be material only if:
  - (A) all trading in the Futures Contract or the Commodity is suspended for the entire Pricing Date; or
  - (B) all trading in the Futures Contract or the Commodity is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Commodity on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (ii) a limitation of trading in the Futures Contract or the Commodity on any Commodity Business Day or any Bullion Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the Futures Contract or the Commodity may fluctuate and the closing or settlement price of the Futures Contract or the Commodity on such day is at the upper or lower limit of that range.

**"Delayed Publication or Announcement"** means that the Relevant Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day (or Bullion Business Day) on which the Market Disruption Event (as defined above) ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the Scheduled Pricing Date) or the Relevant Price continues to be unavailable for a number of consecutive Commodity Business Days (or consecutive Bullion Business Days) equal to the Specified Maximum Days of Disruption. In that case, the next Disruption Fallback (as defined below) will apply.

**"Delivery Date"** means, in respect of a Commodity Reference Price and a Pricing Date, either (i) the relevant date or month for delivery of the underlying Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as is specified in the applicable Pricing Supplement or (ii) the relevant Nearby Month specified in the applicable Pricing Supplement, provided that:

- (a) if the relevant Pricing Supplement specifies that **"Futures Contract – Expiry Date Roll"** shall be applicable in respect of a Commodity Reference Price, then "Delivery Date" shall mean, in respect of a Commodity Reference Price and the relevant Pricing Dates, the month of expiry of the first contract traded on the Exchange for the future delivery of such Commodity to expire after the relevant Pricing Date, PROVIDED THAT, for the avoidance of doubt, in the event that such Pricing Date for such Commodity Reference Price falls on the Last Trading Day for a contract traded on the Exchange for the future delivery of the relevant Commodity, then the "Delivery Date" for such Commodity Reference Price in relation to such Pricing Date shall be the month of expiry of the next contract for the future delivery of such Commodity to expire after (but not on) such Pricing Date.
- (b) if the relevant Pricing Supplement specifies that **"Futures Contract – Delivery Date Roll"** shall be applicable in respect of a Commodity Reference Price, then "Delivery Date" shall mean, in respect of a Commodity Reference Price and the relevant Pricing Dates, the month of expiry of the first contract traded on the Exchange for the future delivery of such Commodity to expire after the relevant Pricing Date, PROVIDED THAT, in the event that such Pricing Date for such Commodity Reference Price falls (i) in the period commencing on, and including, the First Notice Day of the Notice Period for Delivery of such contract to, but excluding, the Last Trading Day of such contract, then the "Delivery Date" for such Commodity Reference Price in relation to such Pricing Date shall instead be the month of expiry of the second contract for the future delivery of such Commodity to expire

## ***Commodity Annex***

after such Pricing Date, or (ii) on the Last Trading Day for a contract traded on the Exchange for the future delivery of such Commodity, then the "Delivery Date" for such Commodity Reference Price in relation to such Pricing Date shall be the month of expiry of the next contract for the future delivery of such Commodity to expire after (but not on) such Pricing Date.

**"Disappearance of Commodity Reference Price"** means:

- (a) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange;
- (b) the disappearance of, or of trading in, the Commodity; or
- (c) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price,

notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the Commodity.

**"Disrupted Day"** means any Commodity Business Day (in respect of a Commodity) or Bullion Business Day (in respect of Bullion) or Trading Day (in respect of a Commodity Index) in relation to which a Market Disruption Event has occurred.

**"Disruption Fallback"** has the meaning given in Commodity Linked Condition 2(b).

**"Exchange"** means, in relation to a Commodity, the exchange or principal trading market specified as such for such Commodity in the applicable Pricing Supplement or Commodity Reference Price.

**"Fallback Pricing Date"** means, in respect of a Commodity or Commodity Index, the date(s) specified as such in the relevant Pricing Supplement, or, if no date is specified for the Fallback Pricing Date in the relevant Pricing Supplement, then the Fallback Pricing Date for any date on which the price of such Commodity or the level of such Commodity Index, as the case may be, is required to be determined shall be the second (2) Commodity Business Day (in the case of a Commodity), Bullion Business Day (in the case of Bullion) or Trading Day (in the case of a Commodity Index) prior to the next following date upon which any payment or delivery of assets may have to be made by the Issuer by reference to the price of such Commodity or the level of such Commodity Index, as the case may be, on such day.

**"Fallback Reference Price"** means that the Calculation Agent will determine the Relevant Price based on the price for that Pricing Date of the first alternate Commodity Reference Price, if any, specified as such in the applicable Pricing Supplement and not subject to a Market Disruption Event. If no alternate Commodity Reference Price is specified in the applicable Pricing Supplement, the next Disruption Fallback (as defined above) will apply.

**"Final Valuation Date"** means the date specified as a Final Valuation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be subject to adjustment on the basis it is a Pricing Date (a) to which the Commodity Business Day Convention (in the case of a Commodity), the Bullion Business Day Convention (in the case of Bullion) and the Trading Day Convention (in the case of a Commodity Index) applied and (b) for the purposes of determining the consequences of a Disrupted Day occurring on any such day in accordance with the Commodity Linked Conditions.

**"First Notice Day of the Notice Period for Delivery"** means, in respect of the relevant Futures Contract, the "first notice day" for delivery of the relevant Commodity under such Futures Contract pursuant to the rules and regulations of the relevant Exchange, as at the relevant Pricing Date.

**"Futures Contract"** means, unless otherwise specified in the applicable Pricing Supplement, and in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity or Commodity Index referred to in that Commodity Reference Price.

**"Futures Trading Day"** means, in respect of a Commodity Index and a futures contract comprised therein, each day on which the exchange on which such futures contract trades is open for trading.

## *Commodity Annex*

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange or (b) other instruments or arrangements (howsoever described) in order to hedge individually or on a portfolio basis the Issuer's obligations under the N&C Securities.

**"Hedging Disruption"** means that the Hedging Party 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 risks of the Issuer issuing and the Issuer performing its obligations with respect to or in connection with the relevant N&C Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Party"** means at any relevant time, the Issuer or any of its Affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the N&C Securities as the Issuer may select at such time.

**"Increased Cost of Hedging"** means that the Issuer and/or any of its Affiliates or agents acting on its behalf 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 (i) acquire, establish, re-establish, substitute, maintain, unwind, or dispose of any transaction(s) or asset(s) it deems necessary to hedge the commodity or other price risk of the Issuer issuing and performing its obligations with respect to the N&C Securities, or (ii) 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 or agents shall not be deemed an Increased Cost of Hedging.

**"Index Sponsor"** means, in relation to a Commodity Index, the index sponsor specified for such Commodity Index in the applicable Pricing Supplement or any Successor Index Sponsor and, if not specified, the corporation or other entity that, as determined by the Calculation Agent, (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Commodity Index, and (b) announces (directly or through an agent) the level of such Commodity Index on a regular basis in respect of each Trading Day.

**"Index Sponsor Business Centre"**, in respect of a Commodity Index, means the principal financial centre in which the Index Sponsor makes determinations and performs calculations for such Commodity Index as determined by the Calculation Agent.

**"Initial Valuation Date"** means the date specified as an Initial Valuation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be subject to adjustment on the basis it is a Pricing Date (a) to which the Commodity Business Day Convention (in the case of a Commodity), Bullion Business Day Convention (in the case of Bullion) and the Trading Day Convention (in the case of a Commodity Index) applied and (b) for the purposes of determining the consequences of a Disrupted Day occurring on any such day in accordance with the Commodity Linked Conditions.

**"Last Trading Day"** means, in respect of the relevant Futures Contract, the final day during which trading may take place in such Futures Contract pursuant to the rules and regulations of the relevant Exchange, as at the relevant Pricing Date, as determined by the Calculation Agent.

**"Market Disruption Event"** has the meaning given it in Commodity Linked Condition 2(a).

**"Material Change in Content"** means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or relevant Futures Contract.

**"Material Change in Formula"** means the occurrence since the Trade Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

**"Nearby Month"** when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by the numerical adjective, so that, for example, (i) **"First Nearby Month"** means the month of expiration of the first Futures Contract to expire following that Pricing Date and (ii) **"Second Nearby Month"** means the month of expiration of the second Futures Contract to expire following that Pricing Date etc.

## ***Commodity Annex***

**"Observation Period"** means the period specified as the Observation Period in the applicable Pricing Supplement.

**"Postponement"** means that the Pricing Date will be deemed, for purposes of the application of this Disruption Fallback, to be the first succeeding Commodity Business Day (or Bullion Business Day) on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist for the number of consecutive Commodity Business Days (measured from and including the Scheduled Pricing Date) (or consecutive Bullion Business Days) equal to the Specified Maximum Days of Disruption in respect of such Commodity. In that case, the next Disruption Fallback specified in the definition of "Disruption Fallback" above will apply.

**"Price Source"** means the publication(s) and/or Screen Page(s) (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the specified Commodity Reference Price or otherwise in the applicable Pricing Supplement provided that if the relevant Pricing Supplement specifies that "Futures Contract – Delivery Date Roll" or "Futures Contract – Expiry Date Roll" is applicable, then "Price Source" means the publication(s) and/or Screen Page(s) (or such other origin of reference, including an Exchange) as specified in the relevant Pricing Supplement in order to reference the relevant Futures Contract on the relevant date and at the relevant time set forth in the applicable proviso relating to such Commodity in the definition of "Delivery Date".

**"Price Source Disruption"** means:

- (a) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price; or
- (b) the temporary or permanent discontinuance or unavailability of the Price Source.

**"Pricing Date"** has the meaning given it in the applicable Pricing Supplement, subject to adjustment in accordance with the relevant Commodity Business Day Convention (in respect of a Commodity) or Bullion Business Day Convention (in respect of Bullion) or the relevant Trading Day Convention (in respect of a Commodity Index), as is applicable, and in accordance with the Commodity Linked Conditions.

**"Relevant Price"** means for any Pricing Date, the price, expressed as a price per unit of the relevant Commodity or the price or level of the relevant Commodity Index, determined with respect to that day for the specified Commodity Reference Price calculated as provided in these Commodity Linked Conditions and the applicable Pricing Supplement.

**"Reuters Screen"** means, in respect of a Commodity Reference Price, when used in connection with any designated page, the display page so designated on Reuters (or such other page as may replace that page on that service for the purpose of displaying prices comparable to such Commodity Reference Price, as determined by the Calculation Agent).

**"Scheduled Observation Date"** means each date specified as a Scheduled Observation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be subject to adjustment (a) on the basis it is a Pricing Date to which the Commodity Business Day Convention (in the case of a Commodity), the Bullion Business Day Convention (in the case of Bullion) and the Trading Day Convention (in the case of a Commodity Index) applied and (b) for the purposes of determining the consequences of a Disrupted Day occurring on any such day in accordance with the Commodity Linked Conditions.

**"Scheduled Pricing Date"** means, in respect of a Pricing Date, the original day scheduled as such Pricing Date, prior to any adjustment or postponement thereof.

**"Screen Page"** means, in respect of a Commodity Reference Price, the Bloomberg Screen page and/or the Reuters Screen page and/or such other screen page of such other information provider, on which relevant information for such Commodity Reference Price is reported or published, as is specified in the relevant Pricing Supplement.

**"Specified Maximum Days of Disruption"** means, unless otherwise specified in the applicable Pricing Supplement, such number of Commodity Business Days (or, in the case of Bullion, Bullion Business Days or, in the case of a Commodity Index, Trading Days) in the period from (but excluding) the Scheduled Pricing Date to (but excluding) the fifth (5)

## *Commodity Annex*

Commodity Business Day (or, in the case of Bullion, Bullion Business Day or in the case of a Commodity Index, Trading Day), prior to any due date for any payment or delivery under the Securities for which determination of the relevant Commodity Reference Price on the applicable Pricing Date is relevant.

**"Specified Price"** means, in respect of a Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source) as specified in the applicable Pricing Supplement (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing price; (M) the afternoon fixing price; (N) the spot price; or (O) any other price specified in the applicable Pricing Supplement.

**"Successor Index"** has the meaning ascribed to in Commodity Linked Condition 5 above.

**"Successor Index Sponsor"** has the meaning ascribed to in Commodity Linked Condition 5 above.

**"Trade Date"** means the day specified as such in the applicable Pricing Supplement.

**"Trading Day"** means a day when:

- (i) the Index Sponsor is open for business in the Index Sponsor Business Centre; and
- (ii) the exchanges of all futures contracts included in or that contribute to the relevant Commodity Reference Price are open for trading.

**"Trading Day Convention"** means, in respect of a Commodity Index, the convention for adjusting any Pricing Date or other relevant date if it would otherwise fall on a day that is not a Trading Day. If the relevant Pricing Supplement specifies, in respect of such Pricing Date or other date, that:

- (i) **"Following"** shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Trading Day, the Pricing Date or other date will be the first following day that is a Trading Day;
- (ii) **"Modified Following"** shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Trading Day, the Pricing Date or other date will be the first following day that is a Trading Day, unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Trading Day;
- (iii) **"Nearest"** shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Trading Day, the Pricing Date or other date will be (i) the first preceding day that is a Trading Day if such date falls on a day other than a Sunday or Monday and (ii) the first following day that is a Trading Day if such date falls on a Sunday or Monday;
- (iv) **"Preceding"** shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Trading Day, the Pricing Date or other date will be the first preceding day that is a Trading Day; or
- (v) **"No Adjustment"** shall apply to such Pricing Date or other date, then if the Scheduled Pricing Date or other scheduled date corresponding to such date is not a Trading Day, the Pricing Date or other date will nonetheless be such Scheduled Pricing Date or other scheduled date.

If the relevant Pricing Supplement does not specify an applicable Trading Day Convention, then it shall be deemed that "Modified Following" shall apply.

## *Commodity Annex*

"**Unit**" means the unit of measure of the relevant Commodity, as specified in the relevant Commodity Reference Price or the relevant Pricing Supplement.

"**Valuation Date**" means each date specified as a Valuation Date in the applicable Pricing Supplement, which, unless otherwise specified in the applicable Pricing Supplement, shall be subject to adjustment (a) on the basis it is a Pricing Date to which the Commodity Business Day Convention (in the case of a Commodity), the Bullion Business Day Convention (in the case of Bullion) and the Trading Day Convention (in the case of a Commodity Index) applied and (b) for the purposes of determining the consequences of a Disrupted Day occurring on any such day in accordance with the Commodity Linked Conditions.



## ***Property Index Annex***

### **PROPERTY INDEX ANNEX**

#### **ADDITIONAL TERMS AND CONDITIONS FOR PROPERTY INDEX LINKED SECURITIES**

*The terms and conditions applicable to Property Index Linked Securities shall comprise (a) the General Terms and Conditions of the N&C Securities (the "N&C Security Conditions") and the additional Terms and Conditions set out below (the "Property Index Linked Conditions") or, as the case may be, (b) the General Terms and Conditions of the Warrants (the "Warrant Conditions") and the Property Index Linked Conditions, in each case, together with the Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Pricing Supplement (together with, (i) in the case of N&C Securities, the N&C Security Conditions and the Property Index Linked Conditions, or (ii) in the case of Warrants, the Warrant Conditions and the Property Index Linked Conditions, as the case may be, the "Conditions") and, in each case subject to completion and/or amendment in the applicable Pricing Supplement. In the event of any inconsistency between the N&C Security Conditions or Warrant Conditions, as applicable, and the Property Index Linked Conditions, the Property Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions or Warrant Conditions, as applicable, and/or the Property Index Linked Conditions and (ii) the Pricing Supplement, the Pricing Supplement shall prevail. References in the Property Index Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "Warrant" and "Warrants" as the context admits and references to "Securityholder" shall be deemed to be references to "N&C Securityholder" or "Warrantholder" as the context admits.*

*References below to a numbered N&C Security Condition or Warrant Condition, as the case may be, are to such numbered section of the N&C Security Conditions or Warrant Conditions, as applicable, and references to a numbered Property Index Linked Condition are to such numbered section as set out in this Property Index Annex.*

*Defined terms used in this Property Index Annex or the related section of the Pricing Supplement where the same term may be used in another Annex (e.g. Index Level, Final Valuation Date or Averaging Date) will have the meanings given in this Property Index Annex or in the section of the Pricing Supplement relating to Property Index Linked Securities notwithstanding the same terms being used in another Annex or section of the Pricing Supplement.*

#### **1. PROPERTY INDEX LINKED N&C SECURITIES**

This Property Index Linked Condition 1 will only apply to N&C Securities.

##### **(a) Property Index Linked Interest N&C Securities**

Unless previously redeemed or purchased and cancelled in accordance with the N&C Security Conditions or as specified in the applicable Pricing Supplement and subject to these Property Index Linked Conditions, each Property Index Linked Interest N&C Security will bear interest in the manner specified in the applicable Pricing Supplement and the Conditions.

##### **(b) Property Index Linked Redemption N&C Securities**

Unless previously redeemed or purchased and cancelled, each N&C Security will be redeemed by the Issuer by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement and the Conditions on the Maturity Date (subject as provided below).

#### **2. KEY DATES AND BASKETS**

##### **(a) Key Dates**

The applicable Pricing Supplement may specify a number of key dates (each a "Key Date") in respect of which a Property Index valuation is to be made. For each Key Date the relevant Cure Period and, where applicable, Publication Date will be specified. The Calculation Agent will apply the provision of these Property Index Linked Conditions separately in each case to make the relevant Property Index valuation in relation to each Key

## *Property Index Annex*

Date accordingly. Each such Property Index level determined will be deemed to be an Observation Level as specified in the applicable Pricing Supplement.

(b) **Baskets**

The applicable Pricing Supplement may specify that the N&C Securities or Warrants, as applicable, relate to a single asset or a basket of assets. These Property Index Linked Conditions will apply to valuation and determinations in relation to each Property Index which forms the single asset or a constituent of the basket of assets referred to above.

### 3. **PROPERTY INDEX DELAY AND DISRUPTION PROVISIONS**

(a) **Rebasing of the Property Index**

If the Calculation Agent determines that a Property Index has been or will be Rebased at any time (the Property Index as so Rebased, the "**Rebased Index**"), the Rebased Index will be used for the purposes of determining the level of the Property Index from the date of such Rebasing, provided however that the Calculation Agent will adjust the terms of the Securities so that the use of the Rebased Index reflects what would have been the performance of the Property Index had the Rebasing not occurred save that any such Rebasing will not affect any prior payments or valuations (if any) under the Securities.

(b) **Error in Publication**

If the Calculation Agent determines that an Error in Publication has occurred with respect to the Property Index, the Calculation Agent may, to the extent that it has sufficient time and it is reasonable to do so, (a) use the corrected level of the Property Index to make any relevant calculations and/or (b) make any necessary adjustments to the relevant Index Level and such other terms of the Securities as it in good faith and in a commercially reasonable manner determines to be appropriate to account for such Error in Publication.

For these purposes:

An "**Error in Publication**" will occur if the Property Index Sponsor announces that an error has occurred with respect to the Index Level as published on any Publication Date; the Index Level for such Publication Date is corrected to remedy such error; and the correction is published by the Property Index Sponsor at any time prior to the Maturity Date, in the case of N&C Securities, or the Settlement Date, in the case of Warrants. An Error in Publication will not include a routine revision in the level of the Property Index in a regularly scheduled republication of the Property Index, such a scheduled republication not being relevant for the purposes of these Property Index Linked Conditions.

(c) **Delay in Publication**

If any relevant Index Level has not been announced by the second Business Day preceding the date on which any amount calculated in whole or in part by reference to such Index Level falls to be due and payable pursuant to the Securities (a "**Property Index Linked Payment Date**") then such amount will not be payable on such Property Index Linked Payment Date and the following will apply:

- (i) if a Cure Period is specified as Applicable in the applicable Pricing Supplement, then:
  - (1) if the Property Index Sponsor publishes the relevant Index Level within the Cure Period, such Property Index Linked Payment Date will be deferred until the second Business Day following the date of publication of the relevant Index Level and all relevant amounts will be calculated by reference to such Index Level;
  - (2) if the Property Index Sponsor publishes a Provisional Index Level within the Cure Period, then such Property Index Linked Payment Date will be deferred until the second Business

### ***Property Index Annex***

Day following the end of the Cure Period and (unless (i) above then applies) such Provisional Index Level of the Property Index will apply for the purposes of the Securities and all relevant amounts will be calculated by reference to such Provisional Index Level; or

- (3) if the Property Index Sponsor fails to publish either the Index Level or a Provisional Index Level prior to the end of the Cure Period, a Delayed Publication Disruption Event will occur and Property Index Linked Condition 3(e) below will apply; or
- (ii) if Cure Period is specified as Not Applicable in the applicable Pricing Supplement, then:
  - (1) if the Property Index Sponsor publishes a Provisional Index Level prior to the second Business Day preceding the Property Index Linked Payment Date, such Provisional Index Level will apply for the purposes of the Securities and all relevant amounts will be calculated by reference to such Provisional Index Level; or
  - (2) if the Property Index Sponsor fails to publish a Provisional Index Level prior to the second Business Day preceding the Property Index Linked Payment Date, a Delayed Publication Disruption Event will occur and Property Index Linked Condition 3(e) below will apply.

No additional interest will accrue as a result of a deferral of any Property Index Linked Payment Date.

The Calculation Agent will give notice to Securityholders as soon as practicable in accordance with N&C Security Condition 14 (Notices) (in the case of N&C Securities) or Warrant Condition 11 (Notices) (in the case of Warrants) of (i) a delay in publication pursuant to this Property Index Linked Condition 3(c) and (ii) any amounts that are payable to such Securityholders as a result of the delayed publication of the Index Level pursuant to Property Index Linked Condition 3(c)(i) or (ii) above.

For these purposes:

"**Cure Period**" means, in respect of any Property Index Linked Payment Date, the period, if any, specified as such in the applicable Pricing Supplement.

(d) **Methodology Adjustment and Index Discontinuance**

If the Property Index Sponsor announces that it has changed the methodology in calculating a Property Index and:

- (a) nonetheless continues the publication of an index based on the original methodology (such Property Index, a "**Replacement Property Index**") such Replacement Property Index will apply in lieu of the original Property Index in relation to the Securities; or
- (b) discontinues publication of the Property Index based on the original methodology (an "**Index Discontinuance**"), Property Index Linked Condition 3(e) below will apply.

(e) **Index Disruption Procedure**

Following the occurrence of an Index Disruption Event, the Issuer will, acting in good faith and in a commercially reasonable manner, determine whether or not the Securities will continue or be cancelled.

If the Issuer determines that the Securities will continue, the Calculation Agent may make such adjustment to the terms of the Securities which it considers, (acting in good faith and in a commercially reasonable manner, to be appropriate in order to preserve for the Securityholders the economic value of the Securities. Without limitation this may include (i) selecting a replacement Property Index (such Property Index, a "**Replacement Property Index**") and, following the selection of such, determining the appropriate level for such Replacement Property Index and the date on which such Replacement Property Index will take effect in relation to the Securities or (ii)

## ***Property Index Annex***

adjusting any method for determination or calculating payments under the Securities. If the Issuer determines that the Securities will be cancelled it will redeem (in the case of N&C Securities) or cancel (in the case of Warrants) the Securities by giving notice to the Securityholders in accordance with N&C Security Condition 14 (Notices) (in the case of N&C Securities) or Warrant Condition 11 (Notices) (in the case of Warrants). If the Securities are so redeemed or cancelled, as the case may be, the Issuer will pay each Securityholder the Early Redemption Amount (in the case of N&C Securities) or the Early Cancellation Amount (in the case of Warrants) in respect of each Security held by such Securityholder. Payments will be made in such manner as will be notified to the Securityholders in accordance with N&C Security Condition 14 (Notices) (in the case of N&C Securities) or Warrant Condition 11 (Notices) (in the case of Warrants).

### **4. NOTICE**

In the event that the provisions of Property Index Linked Conditions 3(a), 3(b), 3(c), 3(d), and/or 3(e) above apply in respect of the Securities, the Issuer will give notice to Securityholders as soon as practicable in accordance with N&C Security Condition 14 (Notices) (in the case of N&C Securities) or Warrant Condition 11 (Notices) (in the case of Warrants) of the occurrence of the relevant event and the action proposed in relation thereto.

### **5. ADDITIONAL DISRUPTION EVENT**

**"Additional Disruption Event"** means any of Change in Law, Hedging Disruption and/or Increased Cost of Hedging, Specified Additional Disruption Event, in each case if specified as applying to Property Linked Securities in the applicable Pricing Supplement.

- (a) If an Additional Disruption Event occurs, the Issuer acting in good faith and in a commercially reasonable manner may either:
  - (i) require the Calculation Agent to determine acting in good faith and in a commercially reasonable manner the appropriate adjustment, if any, to be made to any of the terms of the Securities to account for the Additional Disruption Event and determine the effective date of that adjustment;
  - (ii) in the case of N&C Securities, redeem the N&C Securities by giving notice to the Securityholders in accordance with N&C Security Condition 14 (Notices). If the N&C Securities are so redeemed the Issuer will pay each N&C Securityholder the Early Redemption Amount in respect of each N&C Security held by him. Payments will be made in such manner as will be notified to the N&C Securityholders in accordance with N&C Security Condition 14 (Notices); or
  - (iii) in the case of Warrants, cancel the Warrants by giving notice to the Warrantholders in accordance with Warrant Condition 11 (Notices). If the Warrants are so cancelled the Issuer will pay each Warrantholder the Early Cancellation Amount in respect of each Warrant held by him determined taking into account the Additional Disruption Event. Payments will be made in such manner as will be notified to the Warrantholders in accordance with Warrant Condition 11 (Notices).
- (b) Upon the occurrence of an Additional Disruption Event, the Issuer will give notice as soon as practicable to the Securityholders in accordance with N&C Security Condition 14 (Notices) (in the case of N&C Securities) or Warrant Condition 11 (Notices) (in the case of Warrants) stating the occurrence of the Additional Disruption Event (including giving details thereof) and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

### **6. INDEX DISCLAIMER**

The Securities are not sponsored, endorsed, sold or promoted by any Property Index or any Property Index Sponsor and no Property Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Property Index and/or the levels at which the Property Index stands at any particular time on any particular date or otherwise. No Property Index or Property Index Sponsor will be liable (whether in negligence or

## ***Property Index Annex***

otherwise) to any person for any error in the Property Index and the Property Index Sponsor is under no obligation to advise any person of any error therein. No Property Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Securities. The Issuer (or, if applicable, the Guarantor) will have no liability to the Securityholders for any act or failure to act by the Property Index Sponsor in connection with the calculation, adjustment or maintenance of the Property Index. Neither the Issuer (or, if applicable, the Guarantor) nor its Affiliates has any affiliation with or control over the Property Index or Property Index Sponsor or any control over the computation, composition or dissemination of the Property Index. Although the Calculation Agent will obtain information concerning any Property Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer (or, if applicable, the Guarantor), its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Property Index.

### **7. INTERPRETATION**

The following expressions have the meanings set out below:

**"Change in Law"** means that, on or after the Trade Date (as specified in the applicable Pricing Supplement):

- (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines acting in good faith and in a commercially reasonable manner that (i) it has become illegal for any Hedging Party to hold, acquire or dispose of any relevant hedging arrangements relating to a Property Index, and/or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Securities (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, any of its Affiliates or any Hedging Party), or (iii) the performance of the Guarantor under the Guarantee has become unlawful;

**"Data Pool"** means the pool of properties underlying a Property Index;

**"Delayed Publication Disruption Event"** means either of the events described in Property Index Linked Condition 3(c)(i)(3) and 3(c)(ii)(2);

**"Hedging Disruption"** means that any Hedging Party 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 any relevant price risk, including but not limited to the currency risk of the Issuer (or the Guarantor (as appropriate)) issuing and performing its obligations with respect to the Securities, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent;

**"Hedging Party"** means, at any relevant time, the Issuer or any of its Affiliate(s) or any entity (or entities) providing the Issuer directly or indirectly with hedging arrangements in relation to the Securities as the Issuer may select at such time;

**"Increased Cost of Hedging"** means that any Hedging Party 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 market risk (including, without limitation, property index price risk, foreign exchange risk and interest rate risk) of the Issuer (or the Guarantor (as appropriate)) issuing and performing its obligations with respect to the Securities, 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 will not be deemed an Increased Cost of Hedging;

**"Index Disruption Event"** means any of the following events:

### ***Property Index Annex***

- (a) a Delayed Publication Disruption Event; and/or
- (b) an Index Discontinuance;

**"Index Level"** means, with respect to a period or a date, the final level of the relevant Property Index for such period or date, as the case may be, as published by the Property Index Sponsor;

**"Observation Level"** means the relevant level of the Property Index observed by the Calculation Agent on the relevant Scheduled Observation Date as specified in the applicable Pricing Supplement.

**"Publication Date"** means, in respect of a Property Index, each date on which such Property Index is published by the Property Index Sponsor;

**"Property Index"** means (i) each index specified as such in the applicable Pricing Supplement, or (ii) any Replacement Property Index;

**"Property Index Sponsor"** means the entity that publishes the level of the relevant Property Index as specified in the applicable Pricing Supplement;

**"Provisional Index Level"** means, with respect to a period or a date, any provisional level of the relevant Property Index for such period or date, as the case may be, as published and howsoever defined by the Property Index Sponsor;

**"Rebasing"** means the revaluation of a Property Index by the Property Index Sponsor by the application of a new Reference Price, without amendment to the formula for or the method of calculating the Property Index, and **"Rebased"** will be construed accordingly;

**"Reference Price"** means the historic value of the Data Pool used by the Property Index Sponsor as the benchmark for a Property Index; and

**"Replacement Property Index"** means any Property Index determined as such pursuant to Property Index Linked Conditions 3(d) and 3(e) above.

**"Specified Additional Disruption Event"** has the meaning given in the applicable Pricing Supplement.

## *Form of Pricing Supplement for N&C Securities*

### FORM OF PRICING SUPPLEMENT FOR N&C SECURITIES

#### APPLICABLE PRICING SUPPLEMENT

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of N&C Securities, whatever the denomination of those N&C Securities, issued under the Programme. For the avoidance of doubt, the Information Memorandum referred to below has not been approved as a prospectus for the purposes of the Prospectus Directive.*

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF N&C SECURITIES DESCRIBED BELOW.**

**PLEASE CAREFULLY READ THE RISK FACTORS IN THE INFORMATION MEMORANDUM**

**EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN FINANCIAL AND LEGAL ADVISORS ABOUT THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE N&C SECURITIES AND THE SUITABILITY OF AN INVESTMENT IN THE N&C SECURITIES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES**

[Date]

**Abbey National Treasury Services plc**

*Issue of [Aggregate Nominal Amount/Number of Units of Tranche] [Title of N&C Securities]  
(the "N&C Securities")*

**Guaranteed by Santander UK plc**

under the  
Global Structured Solutions Programme  
(the "**Programme**")

The Information Memorandum referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of N&C Securities in any Member State of the European Economic Area (each, a "**Relevant Member State**") which has implemented the Prospectus Directive will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the N&C Securities. Accordingly, any person making or intending to make an offer in that Relevant Member State of the N&C Securities may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of N&C Securities in any other circumstances.

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 of the European Economic Area, and includes any relevant implementing measure in the relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Any person making or intending to make an offer of the N&C Securities may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

#### **PART A – CONTRACTUAL TERMS**

[This document constitutes the Pricing Supplement for the N&C Securities described herein and must be read in conjunction with the Information Memorandum dated 3 April 2014 [as supplemented by the supplement[s] dated [date[s]]] (the "**Information Memorandum**"). Full information on the Issuer, the Guarantor and the offer of the N&C Securities is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum. Copies of the Information Memorandum may be

### *Form of Pricing Supplement for N&C Securities*

obtained from the registered office of the Issuer and the Guarantor against proof of Securityholder or prospective Securityholder status. In the event of any inconsistency between the Conditions and the Pricing Supplement, this Pricing Supplement prevail.

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the N&C Securities (the "**N&C Security Conditions**" and, together with the applicable Annex(es) the "**Conditions**") set forth in the [Information Memorandum] [Prospectus dated [original date] which are incorporated by reference in the Information Memorandum]<sup>1</sup>.]<sup>2</sup>

[This document constitutes the pricing supplement ("**Pricing Supplement**") of the N&C Securities described herein for the purposes of listing on the Global Exchange Market and must be read in conjunction with the Information Memorandum dated 3 April 2014 [as supplemented by the supplement[s] dated [date[s]]] which [together] constitute[s] a listing particulars for the purposes of listing on the Global Exchange Market (the "**Information Memorandum**"). Full information on the Issuer, the Guarantor and the offer of the N&C Securities is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum. Copies of the Information Memorandum may be obtained from the registered office of the Issuer and the Guarantor against proof of Securityholder or prospective Securityholder status. In the event of any inconsistency between the Conditions and the Pricing Supplement, the Pricing Supplement will prevail.

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the N&C Securities (the "**N&C Security Conditions**" and, together with the applicable Annex(es) the "**Conditions**") set forth in the [Information Memorandum] [Prospectus dated [original date] which are incorporated by reference in the Information Memorandum]<sup>3</sup>.]<sup>4</sup>

[The N&C Securities [and the Asset Amount]<sup>5</sup> have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under any state securities laws, and the N&C Securities may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. The N&C Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the N&C Securities has not been approved by the United States Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended.]<sup>6</sup>

[The N&C Securities [and the Asset Amount]<sup>5</sup> have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under any state securities laws, and the N&C Securities may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person. Furthermore, the N&C Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act as amended, and trading in the N&C Securities has not been approved by the United States Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended, and no U.S. person may at any time trade or maintain a position in the N&C Securities. For a description of the restrictions on offers and sales of N&C Securities, see [Part C attached hereto]<sup>7</sup> and "*Notice to Purchasers and N&C Holders of Securities and Transfer Restrictions*" in the Information Memorandum.

For the purposes of this Pricing Supplement, "**U.S. person**" includes any "U.S. person" as such term may be defined in Regulation S or in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, promulgated by the

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<sup>1</sup> Only include this language where it is a fungible issue and the original Tranche was issued under a Prospectus with a different date.

<sup>2</sup> Insert in the case of an issue of N&C Securities other than in the case of N&C Securities admitted to the Irish Stock Exchange's Global Exchange Market.

<sup>3</sup> Only include this language where it is a fungible issue and the original Tranche was issued under Listing Particulars with a different date.

<sup>4</sup> Insert in the case of an issue of N&C Securities to be admitted to the Irish Stock Exchange's Global Exchange Market.

<sup>5</sup> Include in the case of Physical Delivery.

<sup>6</sup> Include this paragraph for any immobilised bearer N&C Securities (whether offered and sold pursuant to Regulation S or Rule 144A, or both) that have not been determined to be permanently prohibited from being offered, sold, resold, transferred, pledged or delivered in the United States.

<sup>7</sup> Include for N&C Securities other than Permanently Restricted N&C Securities that have been determined to be permanently prohibited from being offered, sold, resold, transferred, pledged or delivered in the United States or to a U.S. person.



## *Form of Pricing Supplement for N&C Securities*

Commodity Futures Trading Commission under the United States Commodity Exchange Act, as such definition may be amended, modified or supplemented from time to time.]<sup>8</sup>

*[In the case of Legended N&C Securities, additional disclosure to be inserted as appropriate for such N&C Securities]*

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.]*

*[When completing this Pricing Supplement or adding any other terms and conditions or information, consideration should be given (i) as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Information Memorandum under Article 10.2 of Part 2, Chapter I of the rules and regulations of the Luxembourg Stock Exchange (in the case of the N&C Securities to be admitted to trading on the Euro MTF market) and (ii) whether such terms or information constitute a significant change affecting any matter contained in the Information Memorandum or a significant new matter, the inclusion of information in respect of which would have been so required if it had arisen at the time when the Information Memorandum was prepared and consequently trigger the need for a supplement to the Information Memorandum under the rules of the Irish Stock Exchange.]*

*[No person has been authorised to give any information or make any representation not contained in or not consistent with this Pricing Supplement, or any other information supplied in connection with the N&C Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.]*

*[By investing in the N&C Securities each investor is deemed to represent that:*

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to invest in the N&C Securities and as to whether the investment in the N&C Securities is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer, the Guarantor or any Dealer as investment advice or as a recommendation to invest in the N&C Securities, it being understood that information and explanations related to the terms and conditions of the N&C Securities shall not be considered to be investment advice or a recommendation to invest in the N&C Securities. No communication (written or oral) received from the Issuer, the Guarantor or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the N&C Securities.*
- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the N&C Securities. It is also capable of assuming, and assumes, the risks of the investment in the N&C Securities.*
- (c) **Status of Parties.** None of the Issuer, the Guarantor nor any Dealer is acting as fiduciary for or adviser to it in respect of the investment in the N&C Securities.]*

<b>1.</b>	1.1	Issuer:	Abbey National Treasury Services plc
	1.2	Guarantor:	Santander UK plc
<b>2.</b>	2.1	Type of N&C Security:	[Note]/[Certificate]
	2.2	Series Number:	[ ]
	2.3	[(a)] Tranche Number:	[ ]
		[(b)] Date on which the N&C Securities	The N&C Securities will be consolidated and form a single

<sup>8</sup> Include for Permanently Restricted N&C Securities or N&C Securities that have otherwise been determined to be permanently prohibited from being offered, sold, resold, transferred, pledged or delivered in the United States or to a U.S. person.

***Form of Pricing Supplement for N&C Securities***

will be consolidated and form a single Series: Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Bearer Global N&C Security for interests in the Permanent Bearer Global N&C Security, as referred to in paragraph [38] below, which is expected to occur on or about [insert date]]<sup>9</sup>

- 2.4 Trading Method: [Nominal] / [Unit]
- 2.5 Applicable Annex(es): [Not Applicable] / [Commodity] / [Currency] / [Currency (adjustment only)] / [Credit] / [Equity] / [Equity Index/ETF] / [Funds] / [Inflation Index] / [Property Index] / [specify other]

*(N.B. more than one Annex may apply)*

3. 3.1 Specified Currency or Currencies: [ ]

- 3.2 Currency Adjustment Only: [Applicable] / [Not Applicable]

*[If "Applicable" insert: Currency Linked Condition 3 in the Currency Linked Annex will apply to the N&C Securities]*

*(Specify as applicable where a composite option (FX exposure on the underlying Reference Items) is envisaged. Alternatively, specify as "Not Applicable" where a quanto option (no FX conversion of the underlying Reference Items) is envisaged)*

4. [Aggregate Nominal Amount] / [Aggregate Issue Size]:

- 4.1 Series: [ ]<sup>10</sup>

- 4.2 Tranche: [ ]<sup>11</sup>

- [4.3 Nominal Amount per Unit: For calculation purposes only, each Unit shall be deemed to have a nominal amount of [ ].

*(If N&C Securities are not traded by unit, delete this item)*<sup>12</sup>

5. [5.1] [Issue Price] / [Unit Issue Price] for Tranche:<sup>13</sup> [[ ] per cent. of the Aggregate Nominal Amount] / [[ ] [Insert currency] per Unit (the "Issue Price")] [plus accrued interest from and including [insert date] to but excluding the Issue Date (which is equal to [ ] days' accrued interest) *(in the case of fungible issues, if applicable)*]

The Issue Price specified [in/at [paragraph [ ]]] may be more than the market value of the N&C Securities as at the Issue Date, and the price, if any, at which the Dealer or any other person is willing to purchase the N&C Securities in secondary market

<sup>9</sup> Delete if not applicable.

<sup>10</sup> For N&C Securities issued by Unit, "Aggregate Issue Size" should be specified and expressed as a number of Units.

<sup>11</sup> For N&C Securities issued by Unit, "Aggregate Issue Size" should be specified and expressed as a number of Units.

<sup>12</sup> For N&C Securities issued by Unit only.

<sup>13</sup> Note that for N&C Securities issued by nominal amount the "Issue Price" is the gross amount received by the Issuer in respect of the N&C Securities being issued and should not be confused with "Offer Price" which may be a different amount depending upon the context in which the expression is used.

## *Form of Pricing Supplement for N&C Securities*

transactions is likely to be lower than the Issue Price. In particular, the Issue Price may take into account amounts with respect to fees relating to the issue and sale of the N&C Securities as well as amounts relating to the hedging of the Issuer's obligations under the N&C Securities and secondary market prices may exclude such amounts.

To the extent permitted by law, if any fees relating to the issue and sale of the N&C Securities have been paid or are payable by the Dealer to an intermediary, then such intermediary may be obliged to fully disclose to its clients the existence, nature and amount of any such fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such intermediary, including any legislation, regulation and/or rule implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC), or as otherwise may apply in any non-EEA jurisdictions.

Investors in the N&C Securities intending to invest in N&C Securities through an intermediary (including by way of introducing broker) should request details of any such fee payment from such intermediary before making any purchase thereof.

5.2 [Unit Value on Issue: *[[Insert currency] per Unit]*

**Investors should note that the value of a Unit in the secondary market or on redemption may be less than the Unit Value on Issue**

*(If N&C Securities are not traded by unit, delete this item)*

[5.3 Aggregate Proceeds Amount: *[ ]*

*(If N&C Securities are not traded by unit, delete this item)*<sup>14</sup>

6. [6.1 Specified Denominations: *[ ]*

*[Where Bearer N&C Securities and multiple denominations above €100,000 or its equivalent in another currency are being used, the following sample wording should be followed:*

*[[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No N&C Securities in definitive form will be issued with a denomination exceeding [€199,000].]*

*[In respect of Rule 144A Global N&C Securities, this means the minimum integral amount in which transfers can be made and in the case of any transaction in reliance on Rule 144A, shall be at least USD100,000 (or its currency equivalent)]*

*[In respect of Equity Linked N&C Securities or Equity*

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<sup>14</sup> The Aggregate Proceeds Amount should be an amount equal to the Aggregate Issue Size multiplied by the Unit Issue Price.

## ***Form of Pricing Supplement for N&C Securities***

*Index/ETF Linked N&C Securities which are Physically Settled N&C Securities and Credit Linked N&C Securities only, a single denomination must be used]]<sup>15</sup>*

*(If N&C Securities are not traded by nominal, delete this item)*

6.2 [Minimum Tradeable Size: [€100,000]<sup>16</sup> [[ ] Units and in multiples of [ ] Unit[s] (the "Multiple Tradeable Size") in excess thereof.]<sup>17</sup>

6.3 Calculation Amount per N&C Security: [ ]

*(If only one Specified Denomination, insert the Specified Denomination.*

*If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.*

*Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for paying agents and/or ICSDs who should be consulted if such an amount is proposed.)*

7. 7.1 Issue Date: [specify date]

7.2 Interest Commencement Date (if different from the Issue Date): [specify date] / [Not Applicable]

*(NB: An Interest Commencement Date will not be relevant for certain types of N&C Securities such as a Zero Coupon N&C Security)*

8. Type of N&C Security:

- [Fixed Rate N&C Security]
- [Floating Rate N&C Security]
- [Zero Coupon N&C Security]
- [Partial Redemption N&C Security]
- [Dual Currency N&C Securities]
- [Cross Asset Linked N&C Security;
- (specify each relevant Type as follows):]*
- [Equity Linked N&C Security]
- [Equity Index/ETF Linked N&C Security]
- [Inflation Index Linked N&C Security]
- [Commodity Linked N&C Security]
- [Currency Linked N&C Security]
- [Fund Linked N&C Security]
- [Property Index Linked N&C Security]
- [Credit Linked N&C Security]
- [Interest Rate Linked N&C Security]
- [Other (specify)]

*(Specify all N&C Security types which apply)*

<sup>15</sup> Insert for N&C Securities issued by nominal amount only.

<sup>16</sup> Insert for N&C Securities issued by nominal amount only.

<sup>17</sup> Insert for N&C Securities issued by nominal amount only

*Form of Pricing Supplement for N&C Securities*

9. Maturity Date:

*[For Fixed Rate N&C Security/any other N&C Security other than a Floating Rate N&C Security – insert: [specify date]]*

*[For Floating Rate N&C Security insert: [The Interest Payment Date falling in or nearest to [specify month and year/specify other]]]*

*[For Equity Linked N&C Securities (including if they are also Partial Redemption N&C Securities), if applicable insert: [[ ] (the "Scheduled Maturity Date"), subject to the provisions of the Equity Annex and this Pricing Supplement]]*

*[For Equity Index/ETF Linked N&C Securities (including if they are also Partial Redemption N&C Securities), if applicable insert: [[ ] (the "Scheduled Maturity Date"), subject to the provisions of the Equity Index/ETF Annex and this Pricing Supplement]]*

*[For Credit Linked N&C Securities, if applicable insert: [ ] (the "Scheduled Maturity Date"), subject to the provisions of the Credit Annex and this Pricing Supplement]*

*[For Fund Linked N&C Securities, if applicable, insert: [ ] (the "Scheduled Maturity Date"), subject to the provisions of the Funds Annex and this Pricing Supplement]*

*[For Currency Linked N&C Securities, if applicable, insert: [ ] (the "Scheduled Maturity Date"), subject to the provisions of the Currency Annex and this Pricing Supplement]*

*[For Inflation Index Linked N&C Securities, if applicable, insert: [ ] (the "Scheduled Maturity Date"), subject to the provisions of the Inflation Annex and this Pricing Supplement]*

*[For Commodity Linked N&C Securities, if applicable, insert: [ ] (the "Scheduled Maturity Date"), subject to the provisions of the Commodity Annex and this Pricing Supplement]*

*[For Property Index Linked N&C Securities, if applicable, insert: [ ] (the "Scheduled Maturity Date"), subject to the provisions of the Property Index Annex and this Pricing Supplement]*

10. Interest Basis:

*[[ ] per cent. Fixed Rate N&C Security]  
[[Specify Reference Rate] +/- [ ] per cent. Floating Rate N&C Security]  
[Zero Coupon N&C Security]  
[Dual Currency Interest N&C Security]  
[Commodity Linked Interest N&C Security]  
[Currency Linked Interest N&C Security]  
[Fund Linked Interest N&C Security]  
[Property Index Linked Interest N&C Security]  
[Equity Index/ETF Linked Interest N&C Security]  
[Equity Linked Interest N&C Security]*

**Form of Pricing Supplement for N&C Securities**

[Inflation Index Linked Interest N&C Security]  
 [Non-interest bearing N&C Security]  
 [Partial Redemption N&C Security (*NB a Partial Redemption N&C Security may also be a Variable Interest Rate N&C Security*)]  
 [*specify other*]  
 (further particulars specified below)

- 11. Redemption / Payment Basis:** [Redemption at par]  
 [Dual Currency Redemption N&C Security]  
 [Partly Paid N&C Security]  
 [Instalment N&C Security]  
 [Equity Index/ETF Linked Redemption N&C Security]  
 [Equity Linked Redemption N&C Security]  
 [Inflation Index Linked Redemption N&C Security]  
 [Commodity Linked Redemption N&C Security]  
 [Currency Linked Redemption N&C Security]  
 [Fund Linked Redemption N&C Security]  
 [Property Index Linked Redemption N&C Security]  
 [Credit Linked Redemption N&C Security]  
 [Interest Rate Linked N&C Security]  
 [Partial Redemption N&C Security]  
 [*specify other*]  
 (further particulars specified below)

- 12. Change of Interest Basis or Redemption/ Payment Basis:** [Applicable] [*if applicable, specify details of any provision for change of N&C Securities into another Interest Basis or Redemption/Payment Basis*] / [Not Applicable]

- 13. Put/Call Options:** [Not Applicable] / [Investor Put] / [Issuer Call]  
 [(further particulars specified below)]

- 14. 14.1 Status of N&C Securities:** Senior  
 14.2 Status of Guarantee: Senior

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 15. Fixed Rate N&C Security Provisions** [Applicable] / [Not Applicable]  
 (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

15.1 Rate(s) of Interest/determination of interest: [[ ] per cent. [[per annum][*insert other*] payable in arrear on each Interest Payment Date]] / [Not Applicable]

15.2 Interest Payment Date[s]: [[ ] in each year from (and including) [ ] and up to (and including) the Maturity Date] / [*specify other*]

*(N.B. to provide for adjustment of the Interest Periods by reference to which interest is calculated, please specify the appropriate Business Day Convention in paragraph 15.7 below. For "unadjusted" interest calculation the Business Day Convention should be specified as "Not Applicable". Where Interest Payment Dates are required to adjust for payment*

**Form of Pricing Supplement for N&C Securities**

*purposes only (i.e. to roll to an appropriate Payment Day without affecting the length of the relevant Interest Period used for interest calculations) this can be achieved by specifying the appropriate Payment Day Convention in paragraph 40 below)*

*(NB: This will need to be amended in the case of long or short coupons)*

15.3 Fixed Coupon Amount(s):  per Calculation Amount] / [Not Applicable]  
(Applicable to N&C Securities in definitive form)

15.4 Broken Amount(s):  per Calculation Amount, payable on the Interest Payment Date falling [in/on]  / [Not Applicable]  
(Applicable to N&C Securities in definitive form)

*[Insert particulars of any initial or final broken interest amounts per Calculation Amount which do not correspond with the Fixed Coupon Amount(s)]*

15.5 Day Count Fraction: [Actual/Actual (ICMA)]/[Act/Act (ICMA)]  
[Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/  
[Act/Act (ISDA)]  
[Actual/365 (Fixed)]/[Act/365 (Fixed)]/[A/365 (Fixed)]/[A/365F]  
[Actual/365 (Sterling)]  
[Actual/360]/[Act/360]/[A/360]  
[30/360 (ICMA)]  
[30/360]/[360/360]/[Bond Basis]  
[30E/360]/[Eurobond Basis]  
[30E/360 (ISDA)]  
[specify other]  
[unadjusted/adjusted]  
[Not Applicable]

*(N.B. If interest is not payable on a regular basis (for example, if there are Broken Amounts specified), Actual/Actual (ICMA) may not be a suitable Day Count Fraction)*

*(N.B. Actual/Actual (ICMA) is normally only appropriate for Fixed Rate N&C Securities denominated in euros)*

15.6 Determination Date(s):  in each year] [Not Applicable]

*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*

15.7 Business Day Convention: [Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention] / [specify other] / [Not Applicable]

15.8 Additional Business Centre(s):  / [Not Applicable]

***Form of Pricing Supplement for N&C Securities***

15.9 Other terms relating to the method of calculating interest for Fixed Rate N&C Securities: [Give details] / [Not Applicable]

**16. Floating Rate N&C Security Provisions** [Applicable] / [Not Applicable]

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

16.1 Specified Period(s)/Specified Interest Payment Dates: [[ ] in each year from (and including) [ ] up to (and including) [the Maturity Date][specify date]][specify other]]

*(N.B. to provide for adjustment of the Interest Periods by reference to which interest is calculated, please specify the appropriate Business Day Convention in paragraph 16.2 below. For "unadjusted" interest calculation the Business Day Convention should be specified as "Not Applicable". Where Interest Payment Dates are required to adjust for payment purposes only (i.e. to roll to an appropriate Payment Day without affecting the length of the relevant Interest Period used for interest calculations) this can be achieved by specifying the appropriate Payment Day Convention in paragraph 40 below)*

16.2 Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention] / [specify other] / [Not Applicable]

16.3 Additional Business Centre(s): [ ]/[Not Applicable]

16.4 Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination / ISDA Determination / Bank of England Base Rate Determination / specify other]

*(further particulars specified below)*

16.5 Party responsible for calculating the Rate of Interest and Interest Amount: [Principal Paying Agent] [The Calculation Agent: See paragraph 47 below] / [specify other]

*(Note: should always be the Calculation Agent if Bank of England Base Rate Determination applies)*

[Address]

16.6 Screen Rate Determination: [Applicable] / [Not Applicable]

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

(a) Reference Rate [[ ] month LIBOR / EURIBOR] / [specify other Reference Rate]

*(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*



***Form of Pricing Supplement for N&C Securities***

- (b) Interest Determination Date:
- (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- (c) Relevant Screen Page:
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend fallback provisions appropriately)*
- (d) Rate Multiplier: [Not Applicable] /  per cent.] / *[specify formula and other relevant provisions]*
- 16.7 ISDA Determination: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Floating Rate Option:
- (b) Designated Maturity:
- (c) Reset Date:
- (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
- (d) Rate Multiplier [Not Applicable] /  per cent.] / *[specify formula and other relevant provisions]*
- 16.8 Bank of England Base Rate Determination: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Designated Maturity: [Daily]
- (b) Interest Determination Date:
- (c) Relevant Screen Page: [Reuters UKBASE]
- (d) Rate Multiplier: [Not Applicable] /  per cent.] / *[specify formula and other relevant provisions]*
- 16.9 Margin(s): [+/-]  per cent. per annum
- 16.10 Minimum Rate of Interest:  per cent. per annum
- 16.11 Maximum Rate of Interest:  per cent. per annum
- 16.12 Day Count Fraction: [Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/[Act/Act]

**Form of Pricing Supplement for N&C Securities**

(ISDA)  
 [Actual/Actual (ICMA)]/[Act/Act (ICMA)]  
 [Actual/365 (Fixed)]/[Act/365(Fixed)]/[A/365 (Fixed)]/[A/365F]  
 [Actual/365 (Sterling)]  
 [Actual/360]/[Act/360]/[A/360]  
 [30/360]/[360/360]/[Bond Basis]  
 [30/360 (ICMA)]  
 [30E/360]/[Eurobond Basis]  
 [30E/360 (ISDA)]  
 [*Specify other*]  
 [unadjusted/adjusted]  
 [Not Applicable]  
 [(NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate N&C Securities denominated in euros)]

16.13 Determination Date(s):  in each year/[Not Applicable]

*[Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*

16.14 Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate N&C Securities, if different from those set out in the N&C Security Conditions: *[give details]* [Not Applicable]

**17. Zero Coupon N&C Security Provisions**

[Applicable] / [Not Applicable]

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

17.1 Accrual Yield:  per cent. per annum

17.2 Reference Price:  [per cent. of the Calculation Amount]

17.3 Any other formula / basis of determining amount payable for Zero Coupon N&C Securities:

17.4 Day Count Fraction in relation to Early Redemption Amounts: [30/360]/[Actual/360]/[Actual/365]/[*specify other – in which case amend N&C Security Condition 7.7*]

**18. Dual Currency N&C Security Provisions**

[Applicable] / [Not Applicable]

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

18.1 Rate(s) of Exchange / method of calculating Rate(s) of Exchange:

18.2 Party, if any, responsible for calculating the principal and/or interest payable: [The Calculation Agent: see paragraph [47 below]] / [*specify other*]

***Form of Pricing Supplement for N&C Securities***

- 18.3 Fallback provisions, rounding provisions, [ ]  
denominator and any other terms relating to  
the method of calculating interest payable  
where calculation by reference to Rate of  
Exchange impossible or impracticable:  
  
[Need to include a description of market disruption or settlement  
disruption events and adjustment provisions]
- 18.4 Day Count Fraction: [Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365  
(Sterling) / Actual/360 / 30/360 / 30E/360 (ISDA) / Other  
(specify)]
- 18.5 If redeemable in part:  
  
(a) Minimum Redemption Amount: [ ]  
  
(b) Maximum Redemption Amount: [ ]
- 18.6 Notice period: [ ]
- 18.7 Person at whose option Specified [ ]  
Currency(ies) is/are payable:

**19. Other Variable Interest Rate N&C Security [Applicable] / [Not Applicable]  
Provisions**

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

- 19.1 Type of Variable Interest Rate N&C  
Securities:  
  
[Equity Index/ETF Linked Interest N&C Security]  
[Equity Linked Interest N&C Security]  
[Inflation Index Linked Interest N&C Security]  
[Commodity Linked Interest N&C Security]  
[Currency Linked Interest N&C Security]  
[Fund Linked Interest N&C Security]  
[Property Index Linked Interest N&C Security]  
[Partial Redemption N&C Security] *(may be specified, together  
with Equity Index/ETF Linked Interest N&C Security or Equity  
Linked Interest N&C Security)*  
[Other (specify)]
- 19.2 Formula for calculating interest rate [Specify and/or give annex details in the case of Equity  
including provisions for determining coupon Index/ETF Linked Interest N&C Securities, Equity Linked  
where calculation by reference to the Interest N&C Securities, Inflation Index Linked Interest N&C  
underlying is impossible or impracticable Securities, Commodity Linked Interest N&C Securities,  
and other back up provision: Currency Linked Interest N&C Securities, Fund Linked Interest  
N&C Securities or Property Index Linked Interest N&C  
Securities]/[Not Applicable]
- 19.3 Specified Period(s) / Specified Interest [ ] [in each year from (and including) [ ] and up to (and

***Form of Pricing Supplement for N&C Securities***

- Payment Dates: including) the Maturity Date] / [*specify other*]
- 19.4 Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- 19.5 Additional Business Centre(s): [ ]/[Not Applicable]
- 19.6 Minimum Rate of Interest: [[ ] per cent. per annum] [Not Applicable]
- 19.7 Maximum Rate of Interest: [[ ] per cent. per annum] [Not Applicable]
- 19.8 Day Count Fraction: [Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/[Act/Act (ISDA)]  
 [Actual/Actual (ICMA)]/[Act/Act (ICMA)]  
 [Actual/365 (Fixed)]/[Act/365 (Fixed)]/[A/365 (Fixed)]/[A/365F]  
 [Actual/365 (Sterling)]  
 [Actual/360]/[Act/360]/[A/360]  
 [30/360(ICMA)]  
 [30/360]/[360/360]/[Bond Basis]  
 [30E/360]/[Eurobond Basis]  
 [30E/360 (ISDA)]  
 [*specify other*]  
 [adjusted / unadjusted]  
 [Not Applicable]  
 [(NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate N&C Securities denominated in euros)]
- 19.9 Determination Date(s): [[ ] in each year]/[Not Applicable]
- [Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*
- 19.10 Other terms or special conditions:
- [For additional Currency Linked Interest provisions, insert: See [Paragraph 28 below] / [Currency Annex (Currency Linked Conditions) contained herein]]*
- [For additional Equity Linked Interest provisions, insert: See [Paragraph 29 below] / [Equity Annex (Equity Linked Conditions) contained herein]]*
- [For additional Equity Index/ETF Linked Interest provisions, insert: See [Paragraph 30 below] / [Equity Index/ETF Annex (Equity Index/ETF Linked Conditions) contained herein]]*
- [For additional Fund Linked Interest provisions, insert: See [Paragraph 31 below] / [Funds Annex (Funds Linked Conditions) contained herein]]*
- [For additional Commodity Linked Interest provisions, insert:*

**Form of Pricing Supplement for N&C Securities**

See [Paragraph 33 below] / [Commodity Linked Annex (Commodity Linked Conditions) contained herein]]

[For additional Inflation Index Linked Interest provisions, insert: See [Paragraph 34 below] / [Inflation Index Linked Annex (Inflation Index Linked Conditions) contained herein]]

[For additional Property Index Linked Interest provisions, insert: See [Paragraph 35 below] / [Property Index Annex (Property Index Linked Conditions) contained herein]]

**20. Interest provisions in respect of Partial Redemption N&C Securities:** *(for the purpose of interest determined in respect of the Partial Redemption Nominal Percentage only)*

[Applicable][Not Applicable]

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

20.1 Partial Rate(s) of Interest: [ ] per cent. [per annum] payable in arrear on each Partial Interest Payment Date

20.2 Partial Interest Payment Date[s]: [[ ] in each year from (and including) [ ] and up to (and including) the Partial Redemption Date]/[specify other]

*(N.B to provide for adjustment of the Interest Periods by reference to which interest is calculated, please specify the appropriate Business Day Convention in paragraph 20.7 below. For "unadjusted" interest calculation the Business Day Convention should be specified as "Not Applicable". Where Partial Interest Payment Dates are required to adjust for payment purposes only (i.e. to roll to an appropriate Payment Day without affecting the length of the relevant Partial Interest Period used for interest calculations) this can be achieved by specifying the appropriate Payment Day Convention in paragraph 40 below)  
(NB: This will need to be amended in the case of irregular coupons)*

20.3 Partial Fixed Coupon Amount(s): [[ ] per Calculation Amount]/[Not Applicable]  
(Applicable to N&C Securities in definitive form)

20.4 Partial Broken Amount(s): (Applicable to N&C Securities in definitive form) [ ] per Calculation Amount, payable on the Partial Interest Payment Date falling [in/on] [ ]/[Not Applicable]

20.5 Day Count Fraction: [Actual/Actual (ICMA)]/[Act/Act (ICMA)]  
[Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/[Act/Act (ISDA)]  
[Actual/365 (Fixed)]/[Act/365 (Fixed)]/[A/365(Fixed)]/[A/365F]  
[Actual/365 (Sterling)]  
[Actual/360]/[Act/360]/[A/360]  
[30/360 (ICMA)]  
[30/360]/[360/360]/[Bond Basis]  
[30E/360]/[Eurobond Basis]  
[30E/360 (ISDA)]  
[unadjusted/adjusted]  
[Not Applicable]

### ***Form of Pricing Supplement for N&C Securities***

*(N.B. If interest is not payable on a regular basis (for example, if there are Partial Broken Amounts specified), Actual/Actual (ICMA) may not be a suitable Day Count Fraction)*

*(N.B. Actual/Actual (ICMA) is normally only appropriate for Partial Redemption N&C Securities denominated in euros)*

20.6 Determination Date(s):  in each year/[Not Applicable]

*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*

20.7 Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]

20.8 Additional Business Centre(s): /[Not Applicable]

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

21. Issuer Call /[Applicable] / /[Not Applicable]

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

21.1 Optional Redemption Date(s):

21.2 Optional Redemption Amount and method, if any, of calculation of such amount(s):  per cent. per Calculation Amount] / *[specify other]*

21.3 If redeemable in part:

(a) Minimum Redemption Amount:  / [Not Applicable]

(b) Maximum Redemption Amount:  / [Not Applicable]

21.4 Notice period (if other than as set out in the N&C Security Conditions):  / [Not Applicable]

*[N.B. If setting notice periods which are different from those provided in the N&C Security Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent/Registrar]*

22. Notice periods for Issuer Illegality Call, Issuer Regulatory Call and Issuer Tax Call (if other than as set out in the N&C Security Conditions):  / [Not Applicable]

*[N.B. If setting notice periods which are different from those*

***Form of Pricing Supplement for N&C Securities***

*provided in the N&C Security Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent/Registrar]*

**23.** Investor Put: [Applicable] / [Not Applicable]

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

23.1 Optional Redemption Date(s): [ ]

23.2 Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per cent. per Calculation Amount] / [*specify other*]

23.3 Notice period (if other than as set out in the N&C Security Conditions): [ ] / [Not Applicable]

*[N.B. If setting notice periods which are different from those provided in the N&C Security Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example as between the Issuer and the Principal Paying Agent/Registrar]*

23.4 Other conditions: [ ]

*(insert any conditions which must be satisfied prior to exercise of Investor Put)*

**24.** Final Redemption Amount: [[ ] [per Calculation Amount] / [Not Applicable] / [*specify other*] / [see Appendix]]

*(N.B. In relation to Fund Linked Redemption N&C Securities, the Final Redemption Amount is normally calculated by reference to Settlement Price or Settlement Prices where Averaging Dates apply)*

*(Consider whether rounding provisions in Conditions should be amended)*

*[For Currency Linked Redemption N&C Securities insert: For additional Currency Linked Redemption provisions see Paragraph 28 below]*

*[For Equity Linked Redemption N&C Securities insert: For additional Equity Linked Redemption provisions see Paragraph 29 below]*

*[For Equity Index/ETF Linked Redemption N&C Securities*

***Form of Pricing Supplement for N&C Securities***

*insert:* For additional Equity Index/ETF Linked Redemption provisions see Paragraph 30 below]

*[For Fund Linked Redemption N&C Securities insert:* For additional Fund Linked Redemption provisions see [Paragraph [31 below]

*[For Credit Linked Redemption N&C Securities insert:* For additional Credit Linked Redemption provisions see Paragraph 32 below]

*[For Commodity Linked Redemption N&C Securities insert:* For additional Commodity Linked Redemption provisions see Paragraph 33 below]

*[For Inflation Index Linked Redemption N&C Securities insert:* For additional Inflation Index Linked Redemption provisions see [Paragraph [34 below]

*[For Property Index Linked Redemption N&C Securities insert:* For additional Property Index Linked Redemption provisions see Paragraph 35 below]

*[For Interest Rate Linked N&C Securities insert:* For additional Interest Rate Linked N&C Security provisions see Paragraph 36 below]

*[For Partial Redemption N&C Securities insert:* For additional Partial Redemption N&C Security provisions see Paragraph 37 below]. *[Insert applicable redemption provisions here. NB For Partial Redemption N&C Securities, the Final Redemption Amount should always be equal to "Calculation Amount \* Outstanding Partial Redemption Nominal Percentage\*[insert amount/structured payout]"*

25. Early Redemption Amount payable on redemption for illegality (N&C Security Condition 7.4 (Redemption for illegality)), Regulatory Redemption Event (N&C Security Condition 7.5 (Regulatory Redemption Event)), redemption for tax reasons (N&C Security Condition 7.6 (Redemption for tax reasons)), on an Event of Default (N&C Security Condition 10 (Events of Default)) or in any other circumstances specified in the N&C Security Conditions and/or the relevant Annex and/or the method of calculating the same (if required or if different from that set out in Condition 7 (Redemption and Purchase – Early Redemption Amounts)):

[Market Value] [[●] per [Calculation Amount] [Unit]] [*specify other*] / [see Appendix]

*(NB. To be specified per Calculation Amount or per unit, as applicable)*

26. Automatic Early Redemption Event(s): [Applicable] / [Not Applicable]

*(If applicable and Target Redemption Event, Knock-in Event and Knock-out Event are not applicable, specify (i) Automatic Early Redemption Event, (ii) Automatic Early Redemption Amount and (iii) Automatic Early Redemption Date(s).)*



**Form of Pricing Supplement for N&C Securities**

*[Insert in respect of Partial Redemption N&C Securities, amended as appropriate: Subject to any prior purchase and cancellation or early redemption, each N&C Security will be early redeemed, in part, such part representing the Final Redemption Amount and final instalment in respect of N&C Securities, at the Automatic Early Redemption Amount which will be equal to the Autocallable Amount on the relevant Early Redemption Date in [Specified Currency] if the Calculation Agent determines that [Barrier Condition/Knock-[in/out] Event] is satisfied.*

**"Autocallable Amount"** means the Outstanding Partial Redemption Nominal Percentage multiplied by Calculation Amount.

**"Barrier Condition"** means *[specify]*

*[specify other, as necessary]*

26.1 Target Redemption Event: [Applicable] / [Not Applicable]  
  
*(If applicable, give details, including Automatic Early Redemption Amount and Automatic Early Redemption Date)*

26.2 Knock-in Event [Applicable] / [Not Applicable]  
  
*(If applicable, give details, including Automatic Early Redemption Amount. If not applicable, delete the remaining sub-paragraphs)*

(a) Knock-in Level [ ]

(b) Automatic Early Redemption Date(s): [ ]

26.3 Knock-out Event [Applicable] / [Not Applicable]  
  
*(If applicable, give details, including Automatic Early Redemption Amount. If not applicable, delete the remaining sub-paragraphs)*

(a) Knock-out Level: [ ]

(b) Automatic Early Redemption Date(s): [ ]

26.4 Other terms or special conditions: [ ] / [Not Applicable]

*[If applicable, give details]*

**27. Key Dates relating to Variable Interest Rate N&C Securities and/or Variable Redemption N&C Securities** [Applicable] / [Not Applicable]

***Form of Pricing Supplement for N&C Securities***

*(Only applicable for Equity Linked N&C Securities, Equity Index/ETF Linked N&C Securities, Inflation Index Linked N&C Securities, Property Index Linked N&C Securities, Currency Linked N&C Securities, Commodity Linked N&C Securities and/or Fund Linked N&C Securities)*

*(if not applicable delete the remainder of this paragraph)*

*(In the case of Fund Linked N&C Securities, in relation to each of items 27.2, 27.3 and 27.8, if applicable, add wording substantially as follows:*

*[Each such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining any Settlement Date Extension pursuant to Fund Linked Condition [2] and/or the consequences of any such day not being a Fund Business Day])*

- 27.1 Trade Date: [ ]
- 27.2 Valuation Date(s): [ ] / Not Applicable
- 27.3 Initial Valuation Date: [ ] / Not Applicable
- 27.4 Scheduled Observation Date(s): [ ] / Not Applicable
- 27.5 Observation Period: [ ] / Not Applicable
- 27.6 Averaging Dates: [Averaging [applies / does not apply] to the N&C Securities.]  
[The Averaging Dates are [ ].]

*[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]*

*(Omission/Postponement/Modified Postponement should not be specified for Commodity Linked N&C Securities)*

- 27.7 [Equity][Equity Index/ETF] Cut-off Date: [ ] / Not Applicable

*[Specify calendar date (e.g. that is at least 10 Business Days prior to Scheduled Maturity Date)]*

*[Specify as "Not Applicable" for Currency Linked N&C Securities, Commodity Linked N&C Securities and Fund Linked N&C Securities]*

- 27.8 Final Valuation Date: [ ] / Not Applicable
- 27.9 Specified Maximum Days of Disruption: [See [[Equity Linked Condition 10] (for Equity Linked N&C Securities)] / [[Equity Index/ETF Linked Condition 9] (for Equity Index/ETF Linked N&C Securities)] [[Currency Linked Condition 6] (for Currency Linked N&C Securities)] [[Commodity Linked Condition 8] (for Commodity Linked N&C Securities)]] / [[Specify number] [Scheduled Trading Days (for Equity Linked N&C Securities or Equity Index/ETF N&C

**Form of Pricing Supplement for N&C Securities**

Securities)] / [FX Business Days (for Currency Linked N&C Securities)] / [[Commodity Business Days] / [Bullion Business Days] / [Trading Days] (for Commodity Linked N&C Securities)] / [Not Applicable]

(Specify as "Not Applicable" for Fund Linked N&C Securities)

28. **Additional provisions relating to Currency Linked N&C Securities** [Applicable] / [Not Applicable]

(if not applicable delete the remainder of this paragraph)

- 28.1 [Currency Linked Condition 1: [Applicable] / [Not Applicable]

(Specify as "Applicable" if interest amounts and/or Final Redemption Amount are determined by reference to a currency rate(s) to which it is intended Currency Linked Condition 1 applies and in this case specify provisions for determination of each such interest amount or Final Redemption Amount and complete each applicable sub-paragraph below.]

- 28.2 Maturity Date Extension: [Applicable] / [Not Applicable]

- 28.3 (a) Specified Rate(s), Base Currencies and Reference Currencies: [Applicable] / [Not Applicable]

[Insert each Specified Rate in relation to each Valuation Date or Averaging Date or other relevant date and Valuation Time, including whether bid, offer or market average rate, if applicable - e.g. as set out below - and repeat as necessary in relation to each Specified Rate. If applicable insert all provisions for calculation of each Currency Pair, including each First Currency and Second Currency. If using any different formulation ensure consistency with Valuation Date and Averaging Date where Currency Reference Dealers may provide the quotations. "The Specified Rate in relation to the [specify Valuation Day, Averaging Date or other relevant date] means the rate at which the Reference Currency [NB set out definition] could be exchanged for the Base Currency, expressed as the number of units of the Reference Currency (or part thereof) for which one unit of the Base Currency could be exchanged as quoted by the relevant FX Price Source at or about the Valuation Time on such [specify relevant Valuation Day, Averaging Date or other relevant date], subject to the Currency Linked Conditions".]

- (b) Local Currency: [Specify each Local Currency, for purposes of General Inconvertibility, Specific Inconvertibility, General Non-Transferability or Specific Non-Transferability or Special Taxation Event.]

- 28.4 NDF Currency(ies): [Applicable] / [Not Applicable]

[Specify each relevant NDF Currency] [If applicable, specify each relevant NDF currency. For example, ARS, BRL, CLP,

**Form of Pricing Supplement for N&C Securities**

*COP, etc. If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert: See Annex (Special Conditions) contained herein]*

- (a) Unscheduled Holiday: *[Specify meaning in accordance with applicable emerging market trading association templates]*
- (b) Specified NDF Maximum Days of Disruption: *[ ]* calendar days
- (c) First Fallback FX Price Source: *[See item 28.5 below] / [Not Applicable]*
- (d) Second Fallback FX Price Source: *[Not Applicable] / [Give details]*

28.5 FX Price Source(s): *[Specify in relation to each Specified Rate including Bloomberg Screen, Reuters Screen and/or Screen Page if applicable. Include each of (i) primary FX Price Source and (ii) the Fallback FX Price Source or First Fallback FX Price Source if relevant, making clear when fallback to (ii) occurs]*

28.6 Valuation Time: *[Specify in relation to each Specified Rate]*

28.7 Principal Financial Centres: (For the purposes of determining the FX Business Day) *[Specify for the purposes only of FX Business Day]*

28.8 Disruption Fallback(s): *[Currency Reference Dealer Quotation] [Fallback Reference Price] [Valuation Postponement] [Calculation Agent Determination] [specify and set out provisions for any other] [N.B. specify in the order the Disruption Fallbacks should apply and ensure Calculation Agent Determination is specified last. These will apply to both Valuation Dates and Averaging Dates.]*

28.9 Additional Disruption Events other than as specified in the Currency Linked Conditions: *[Specify any other Additional Disruption Events not set out in the Currency Annex]*

**29. Additional provisions relating to Equity Linked N&C Securities** *[Applicable] / [Not Applicable]*

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

29.1 Whether the N&C Securities relate to a single share or a basket containing one or more shares (each a "Share"): *[Single Share] / [Basket containing one or more Shares]*

29.2 Whether redemption of the N&C Securities will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery: *[Cash Settlement] [and/or] [Physical Delivery]*  
*[In the event of both Cash Settlement and/or Physical Delivery describe triggers and at whose option]*

*[Specify if Issuer has the option to vary Settlement and in this case complete both Cash and Physical Delivery provisions]*

29.3 Share(s) and Share Company(ies): (a) *[Name of Share]*

**Form of Pricing Supplement for N&C Securities**

(b) [Name of Share Company / Basket Company]

(c) Bloomberg Screen: [ ]

(d) ISIN Code: [ ]

*(In case of more than one Share repeat the prompts set out in items 29.3 - 29.8 inclusive and include the relevant information. In this case before such items set out the title: **Information in relation to [name of Share]**)*

29.4 Depository Receipts provisions: [Applicable] / [Not Applicable]

*(If Not Applicable, delete the remaining sub-paragraph of this paragraph)*

(a) Details of Depository Receipt: [specify name and ISIN code]

(b) Underlying Shares: [specify the shares underlying the depository receipts]

(c) Underlying Share issuer: [specify name of the underlying issuer]

(d) Share Exchange: [specify - exchange for underlying share]

29.5 Settlement Price: [Opening Price] / [Intraday Price] / [Observation Price] / [Closing Price] [Other (specify – insert calculation method, including any weightings and exchange rates)]

29.6 Exchange(s): The relevant Exchange[s] [is/are] [ ]

29.7 Related Exchange: [specify] / [All Exchanges]

29.8 Relevant Time: [Scheduled Opening Time] [Scheduled Closing Time]/[The relevant time is [ ], being a time specified on a [Valuation Date/Averaging Date/Scheduled Observation Date], as the case may be, for the calculation of the Settlement Price.]

29.9 Exchange Business Day: [Exchange Business Day (Single Share Basis)] / [Exchange Business Day (All Shares Basis)] / [Exchange Business Day (Per Share Basis)] / [Exchange Business Day (Cross Asset Basis)] *(note only to be specified for Cross Asset Linked N&C Securities which relate only to Equities and Equity Indices/ETFs)*

29.10 Scheduled Trading Day: [Scheduled Trading Day (Single Share Basis)] / [Scheduled Trading Day (All Shares Basis)] / [Scheduled Trading Day (Per Share Basis)] / [Scheduled Trading Day (Cross Asset Basis)] *(note only to be specified for Cross Asset Linked N&C Securities which relate only to Equities and Equity Indices/ETFs)*

29.11 Further provisions relating to Extraordinary Events:

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

***Form of Pricing Supplement for N&C Securities***

- (b) Share Substitution: [Applicable] / [Not Applicable]
- (If applicable, specify any amendment(s) to Equity Linked Condition 5(b)(v))*
- 29.12 Additional Disruption Events: [Applicable] / [Not Applicable] *(if not applicable, delete remaining parts of this item 29.12)*
- (a) Elected Events Only: [Applicable] / [Not Applicable]
- (b) [The following Additional Disruption Events apply to the N&C Securities: [Analogous Event] [Change in Law] [Currency Event] [Failure to Deliver] [Force Majeure Event] [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Insolvency Filing] [Jurisdiction Event] [Loss of Stock Borrow] [Stop-Loss Event] [Specified Additional Disruption Event] [Termination or Adjustment Event (if applicable)]]
- (NB: delete this item (b) if "Elected Events Only" is specified as Not Applicable)*
- (c) [Specified Additional Disruption Events: [Applicable] / [Not Applicable]] *(If applicable, specify any additional events not set out in the Equity Annex and give details)*
- (d) [The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is [ ]]
- (NB: only applicable if Loss of Stock Borrow is required)*
- (e) [The Initial Stock Loan Rate in respect of [specify in relation to each relevant Share] is [ ].]
- (NB: only applicable if Increased Cost of Stock Borrow is required)*
- (f) Stop-Loss Event: [Applicable]/[Not Applicable]
- (If applicable, specify all details necessary for the definition of Stop-Loss Event in Equity-Linked Condition 8, including the time for the determination of Share price, nature of Share price, Strike Date, Strike Price (or Benchmark Price) and the Strike Level (if different from that specified in the Equity Linked Conditions))*
- (g) Other terms or special conditions: [ ]
- 29.13 Additional Extraordinary Events: [Applicable] / [Not Applicable]
- (If applicable, give details (e.g. Illiquidity or, for non-basket linked N&C Securities only, De-Merger, Participation Event)*

***Form of Pricing Supplement for N&C Securities***

- 29.14 Asset Amount and delivery provisions for Asset Amount (including details of who is to make such delivery): [ ] / [Not Applicable]  
*(only relevant for Physical Delivery N&C Securities)*  
*[NB: Specify the number of shares per Calculation Amount to be delivered and any balancing cash portion that will be required to be paid.]*
- 29.15 Adjustments for Dividend Amounts and Extraordinary Dividends (specify all that are applicable and insert all operative provisions required): [Applicable] / [Not Applicable]  
*(if not applicable delete the remaining sub-paragraphs below)*
- (a) Dividend Amount: [Record Amount]/[Ex Amount]/[Paid Amount]/[Other - give details]
- (b) Dividend Payment Date: [ ]
- (c) Dividend Period: [First Period] / [Second Period]
- (d) Extraordinary Dividend: [ ] / [Not Applicable]
- (e) Excess Dividend Amount: [Extraordinary Dividend Ex Amount]/[Extraordinary Dividend Paid Amount]/[Extraordinary Dividend Record Amount]/[Other - give details]
- 29.16 Other terms or special conditions: [ ]
- 30. Additional provisions relating to Equity Index/ETF Linked N&C Securities** [Applicable] / [Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 30.1 Whether the N&C Securities relate to single index or ETF or a basket containing one or more indices or ETFs and the identity of each relevant Index/ETF: [Single index] / [Basket containing one or more indices] / [Single ETF] / [Basket containing one or more ETFs]
- 30.2 Whether redemption of the N&C Securities will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery [Cash Settlement] [and/or] [Physical Delivery]  
*(in the event of both Cash Settlement or Physical Delivery describe triggers and at whose option)*  
*(Specify if Issuer has the option to vary Settlement and in this case complete both Cash and Physical Settlement provisions)*
- 30.3 Equity Index: [Applicable] / [Not Applicable]  
*(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) [Name of Index/Basket Index]

***Form of Pricing Supplement for N&C Securities***

(b) The relevant Index Sponsor is [*Name of Index Sponsor*]

(c) Bloomberg Screen: [ ]

*(In case of more than one Index repeat the prompts set out in items 30.3 - 30.8 inclusive and include the relevant information in a tabular format.)*

30.4 Exchange Traded Fund:

[Applicable] / [Not Applicable]

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

(a) [*Name of ETF/Basket ETF*]

(b) The ETF Issuer is [*Name of ETF Issuer*]

(c) ETF Bloomberg Screen: [ ]

(d) ISIN Code: [ ]

(e) The Related Index is [*Name of Related Index*]

(f) Related Index Bloomberg Screen: [ ]

(g) Related Index ISIN Code: [ ]

*(In case of more than one ETF repeat the prompts set out in items 30.4 – 30.8 inclusive and include the relevant information in a tabular format.)*

30.5 Index / ETF Level:

[Opening Level] / [Intraday Level] / [Observation Level] / [Closing Level] / [Other (*specify*)]

30.6 Exchange(s)

[The relevant Exchange[s] [is/are] [ ]]

30.7 Related Exchange:

[*specify*] / [All Exchanges]

30.8 Relevant Time:

[Scheduled Closing Time] / [The relevant time is [ ], being the time specified on the [Valuation Date/Averaging Date/Scheduled Observation Date] for the calculation of the Index/ETF Level.]

30.9 Exchange Business Day:

[Exchange Business Day (Single Index Basis)] / [Exchange Business Day (All Indices Basis)] / [Exchange Business Day (Per Index Basis)] / [Exchange Business Day (Cross Asset Basis)] (*Note: final option only to be specified for Cross Asset Linked N&C Securities which relate only to Equities and Equity Indices/ETFs*)

30.10 Scheduled Trading Day:

[Scheduled Trading Day (Single Index Basis)] / [Scheduled Trading Day (All Indices Basis)] / [Scheduled Trading Day (Per Index Basis)] / [Scheduled Trading Day (Cross Asset Basis)] (*Note: final option only to be specified for Cross Asset Linked*



### ***Form of Pricing Supplement for N&C Securities***

*N&C Securities which relate only to Equities and Equity Indices/ETFs)*

- 30.11 Additional Disruption Events: [Applicable] / [Not Applicable: the provisions of Equity Index/ETF Linked Condition 7 do not apply] (*if not applicable, delete the remaining parts of this item 30.11*)
- (a) Elected Events Only: [Applicable] / [Not Applicable] [*where the N&C Securities are linked to an ETF or basket of ETFs, include the following language: provided that "Additional Disruption Event" will be deemed to include Merger Event, Tender Offer, Insolvency, Nationalisation and De-Listing*]
- (b) [The following Additional Disruption Events apply to the N&C Securities: [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] [Merger Event] [Tender Offer] [Nationalisation] [Insolvency] [De-Listing] [Specified Additional Disruption Event] [ETF Event]]
- (NB: delete this item (b) if "Elected Events Only" is specified as Not Applicable)*
- (c) [Specified Additional Disruption Events: [Applicable] / [Not Applicable]] (*If applicable, specify any additional events not set out in the Equity Index/ETF Annex and give details*)
- (d) [The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Component Security] is [ ]]
- (NB: only applicable if Loss of Stock Borrow is applicable)*
- (e) [The Initial Stock Loan Rate in respect of [specify in relation to each relevant Component Security] is [ ].]
- (NB: only applicable if Increased Cost of Stock Borrow is applicable)*
- (f) Other terms or special conditions: [ ]
- 30.12 Asset Amount and delivery provisions for Asset Amount (including details of who is to make such delivery): [ ]/[Not Applicable]
- (only relevant for Physical Delivery N&C Securities)*
- [NB: Specify the number of ETF shares per Calculation Amount to be delivered and any balancing cash portion that will be required to be paid.]*
- 30.13 Additional Index Adjustment Events: [Applicable] / [Not Applicable] (*If applicable, specify, Additional Index Adjustment Events, including consequences*)
- 30.14 Other terms or special conditions: [ ]

*Form of Pricing Supplement for N&C Securities*

- 31. Additional provisions relating to Fund Linked N&C Securities** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 31.1 Maturity Date Extension: [Applicable] / [Not Applicable]
- 31.2 Reference Fund(s): [If more than one Reference Fund, insert the following:
- [ ] ("**Reference Fund 1**")
- [ ] ("**Reference Fund 2**")
- [NB: complete and number accordingly in relation to additional Reference Funds. Also repeat relevant information in 31.3 - 31.7 below inclusive and any other relevant item in respect of each Reference Fund. Specifying "In relation to Reference Fund [1]" or similar in relation to the relevant information.*
- If more than three Reference Funds, annex the details.]*
- 31.3 (a) Fund Interest: [Give details]
- (b) Fund Interest Unit(s): [Class [ ] shares] in [the Reference Fund] [Reference Fund 1]
- [Class [ ] shares] in [Reference Fund 2]
- [If more than three Fund Interest Units, annex the details.]*
- 31.4 Reference Fund(s) Management and Administration
- (a) Fund Adviser: [ ]
- (b) Fund Administrator(s): [ ]
- (c) Fund Custodian: [ ]
- (d) Other Fund Service Provider(s): [ ] / [Not Applicable]
- (e) Key Person(s): [ ] / [Not Applicable]
- 31.5 Fund Documents: [ ]
- [NB: Specify details of the prospectus - See Fund Linked Condition 6]*
- 31.6 Fund Reference Dates:
- (i) Reference Fund Subscription Date: [ ]
- (ii) Subscription Notice Date: [ ] / [Not Applicable]
- (iii) Fund Valuation Date: [ ] [*specify in relation to Valuation Date or Averaging Date*]

***Form of Pricing Supplement for N&C Securities***

- (iv) Fund Reporting Date(s): [ ] / [Generally expected to fall on the last Fund Business Day of the calendar month]
- (v) Redemption Notice Date: [ ] [specify in relation to Valuation Date or Averaging Dates]
- (vi) Scheduled Redemption Payment Date: [Specify/Not Applicable]
- (vii) Cut-off Period/Final Cut-Off Date: [ ] [Specify Cut-Off Period and Final Cut-off Date, if any]
- 31.7 Valuation Method: [Deemed Payout Method]/[Reported Value Method]
- 31.8 Valuation Time: [Not Applicable/give details]
- 31.9 Provisions for Settlement:
- (a) Settlement Price: [As per the Fund Linked Conditions]/[Specify if other than as set out in Fund Linked Conditions. Expressed as price per Fund Interest Unit.]
- (b) Settlement Cycle [As per the Fund Linked Conditions]/[Other-give details]
- 31.10 Fund Business Day: [As per the Fund Linked Conditions]/[Other-give details]
- 31.11 Currency Business Day: [As per the Fund Linked Conditions]/[Other-give details]
- 31.12 Additional Extraordinary Fund Events: [Applicable / Not Applicable]  
[please specify]
- 31.13 Hypothetical Investor Jurisdiction: [As set out in the Fund Linked Conditions] / [Other (give details)]
- 31.14 Hypothetical Investor: [As set out in the Fund Linked Conditions] / [Other (give details)]
- 31.15 Redemption Fees: [Specify if applicable where Reported Value Method applies]
- 31.16 Additional Fund Representations: [Applicable] / [Not Applicable]  
[If applicable, specify all operative details]
- 31.17 Other terms or special conditions: [ ]
- 32. Additional provisions relating to Credit Linked N&C Securities** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 32.1 Settlement Method: [Auction Settlement/Cash Settlement/Physical Delivery]  
  
[If Cash Settlement or Physical Delivery is specified, specify if the Issuer has the option to vary the Settlement Method in accordance with the Credit Linked Conditions and if this is the

**Form of Pricing Supplement for N&C Securities**

*case complete both the Cash Settlement and Physical Delivery provisions at paragraph 32.20 below]*

*[If Auction Settlement is specified, complete both the Auction Settlement provisions at paragraph 32.20 below and the provisions relating to the relevant Fallback Settlement Method.]*

- 32.2 Trade Date: [ ]
- 32.3 Effective Date: [ ]
- 32.4 Calculation Agent City: [London] / [specify other]

*Credit Provisions*

32.5 Whether the N&C Securities relate to a single name or a portfolio of names:

- (a) Single name: [Applicable] / [Not Applicable]
- (b) First to Default: [Applicable] / [Not Applicable]

*[If Applicable insert: Substitution: [Not] Applicable]*

*[If Applicable specify: Credit Spread Requirement: [insert]% (if other than 110%)]*

- (c) Portfolio Credit Linked N&C Securities: [Applicable] / [Not Applicable]
- (d) Portfolio Maturity Settled Credit Linked N&C Securities: [Applicable] / [Not Applicable]

*[If applicable, specify Reference Amount in respect of each Reference Entity]*

32.6 Reference Entity(ies): [Specify name] *[If more than one Reference Entity, insert the following:*

[ ] ("**Reference Entity 1**")

[ ] ("**Reference Entity 2**")

*[NB: complete and number accordingly in relation to additional Reference Entities. Also repeat relevant information in 32.7 - 32.14 below inclusive in respect of each Reference Entity. Specifying "In relation to Reference Entity [1]" or similar in relation to the relevant information.*

*If more than three Reference Entities or if required, annex the details or insert a table.]*

*(N.B. By specifying "Standard Terms" as applicable to a Reference Entity, the relevant information set out in Credit Linked Condition 24 shall apply. N&C Security that not all*

### ***Form of Pricing Supplement for N&C Securities***

*relevant information is given in the Standard Terms and ensure the remaining sections of this item 32 are completed accordingly.)*

[Details relating to Reference Entit[y/ies]:

*[Where required, insert the following details in respect of each Reference Entity (use table if appropriate):*

- *Reference Entity's registered office or main administrative office, if different from registered office;*
- *legislation governing the Reference Entity and legal form which it has adopted under such legislation;*
- *the company objects of the Reference Entity;*
- *name of stock exchange or of another regulated market which is regularly operating, recognised and open to the public where the share and other securities of the Reference Entity are admitted;*
- *where the credit risk affects one or several specific securities, short description of the underlying securities;*
- *if Credit Linked N&C Securities are Physically Settled include a short description of the terms and conditions of the underlying securities and information on the time limits and the form in which the underlying securities are delivered.]]*

*(Required for Credit Linked N&C Securities listed on Luxembourg Stock Exchange's EuroMTF market where each Reference Entity has shares or other securities admitted to a stock exchange or other regulated market which is regularly operating, recognised and open to the public. NB: Credit Linked N&C Securities which reference a Reference Entity which does not have shares or other securities admitted to a stock exchange or other regulated market which is regularly operating, recognised and open to the public may not be listed on the Luxembourg Stock Exchange's EuroMTF market)*

32.7 Standard Terms:

[Applicable/Not Applicable]

*(If applicable, insert the following as applicable and specify any changes needed to reflect the latest ISDA Physical Settlement Matrix: The following Standard Terms apply: [North American Corporate/North American High Yield Corporate/North American Monoline Insurer Corporate/European Insurance Corporate (Subordinated Debt)/Emerging European Corporate/Emerging European Corporate LPN/Australia & New Zealand Corporate/Japan Corporate/Singapore Corporate/Latin America Corporate B/Latin America Corporate B&L/Asia*

**Form of Pricing Supplement for N&C Securities**

Corporate/Asia Sovereign/Emerging European & Middle  
 Eastern Sovereign/Australia Sovereign/New Zealand  
 Sovereign/Japan Sovereign/Singapore Sovereign/Latin America  
 Sovereign/Western European Sovereign])

- 32.8 Reference Obligation[s]: [ ]
- The obligation(s) identified as follows:* [If more than three Reference Obligations, annex the details]
- (a) [Primary Obligor:] [ ]
- Guarantor: [ ]
- Maturity: [ ]
- Coupon: [ ]
- CUSIP / ISIN: [ ]
- (b) [(repeat above headings if more than one reference obligation)]
- 32.9 Substitute Reference Obligation[s]: [As per the definition contained in the Credit Annex] / [give details]
- 32.10 All Guarantees: [Applicable] / [Not Applicable]
- [Standard Terms]
- [Provisions relating to Qualifying Guarantee and Underlying Obligation (Credit Linked Condition 19): [Applicable] / [Not Applicable]]
- 32.11 Credit Events: [Bankruptcy]
- [Failure to Pay]
- Grace Period Extension: [Applicable] / [Not Applicable]
- [If Applicable:
- Grace Period: [30 calendar days] / [other]]
- Payment Requirement: [ ] (or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay)
- [Obligation Default]
- [Obligation Acceleration]
- [Repudiation / Moratorium]
- [Restructuring]

***Form of Pricing Supplement for N&C Securities***

[Restructuring Maturity Limitation and Fully Transferable Obligation: [Applicable] / [Not Applicable]]

[Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: [Applicable] / [Not Applicable]]

Default Requirement: [ ] (or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event)

[Standard Terms]

32.12 Additional Credit Event(s): [ ] [Pass Through Event (*applicable for Pass Through N&C Securities only*)] [*Specify – e.g. any trigger event*]

[*If applicable, give details including all operative provisions*]

32.13 Conditions to Settlement: Notice of Publicly Available Information: [Applicable] / [Not Applicable]

[*If Applicable:*

Public Source(s): [ ]

Specified Number: [2] / [*other*]]

32.14 Obligation(s):

(a) Obligation Category: [Payment]

(*select one only*) [Borrowed Money]

[Reference Obligations only]

[Bond]

[Loan]

[Bond or Loan]

[Standard Terms]

(b) Obligation Characteristics: [Not Subordinated]

(*select all of which apply*) [Specified Currency:

[Standard Specified Currencies / [(*specify currency*)]]]

[Not Sovereign Lender]

[Not Domestic Currency]

[Domestic Currency means: (*specify currency*)]

**Form of Pricing Supplement for N&C Securities**

- [Not Domestic Law]
- [Listed]
- [Not Domestic Issuance]
- [Standard Terms]
- (c) Additional Obligation[s]: [ ]
- (d) Excluded Obligation[s]: [ ]
- 32.15 Accrual of Interest upon a Credit Event: [Applicable] / [Not Applicable] / [*specify any further details*]
- 32.16 Merger Event: [Applicable] / [Not Applicable]
- [If applicable:*
- Merger Event Redemption Date: [ ] / [Five (5) Business Days after the Calculation Agent determines that a Merger Event has occurred.]]
- 32.17 Unwind Costs: [Standard Unwind Costs] / [*specify other*] / [Not Applicable]
- 32.18 Provisions relating to Monoline Insurer as Reference Entity: Credit Linked Condition 17: [Applicable] / [Not Applicable]
- Credit Linked Condition 18: [Applicable] / [Not Applicable]
- (NB: If applicable, only one of Credit Linked Condition 17 and Credit Linked Condition 18 should be specified but not both)*
- 32.19 Provisions relating to LPN Reference Entities: Credit Linked Condition 20: [Applicable] / [Not Applicable]
- 32.20 Further terms relating to settlement:
- (If auction settlement applies, complete the following section)*      *(If not applicable, delete the remaining sub-paragraphs of this auction settlement paragraph)*
- Auction Settlement**
- (a) Fallback Settlement Method: [Cash Settlement/Physical Delivery]
- [If the Issuer has the option to vary the Fallback Settlement Method in accordance with the Credit Linked Conditions this should be specified here and if this is the case both the Cash Settlement and Physical Delivery provisions in this paragraph 32.20 should be completed in addition to these Auction Settlement provisions.]*
- (b) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (c) Succession Event Backstop Date [Yes/No]



***Form of Pricing Supplement for N&C Securities***

subject to adjustment in accordance with Business Day Convention:

- (d) Limitation Dates subject to adjustment in accordance with Business Day Convention: [Yes/No]

*(If cash settlement applies, complete the following section)*      *(If not applicable, delete the remaining sub-paragraphs of this cash settlement paragraph)*

**Cash Settlement**

- (e) Credit Event Redemption Amount: [*Express per Calculation Amount*] / [Such amount as determined by the Calculation Agent in accordance with the Credit Linked Conditions]

- (f) Credit Event Redemption Date: [ ] Business Days

- (g) Valuation Date: [Single Valuation Date:  
[ ] Business Days]  
[Multiple Valuations Dates:  
[ ] Business Days' and each [ ] Business Day thereafter.  
Number of Valuation Dates: [ ]]

- (h) Valuation Time: [ ] / [As per the definition in the Credit Annex]

- (i) Valuation Obligations: [ ] / [Valuation Obligation applicable] [*Delete if not applicable*]

Valuation Obligation Category: [Payment]  
[*select one only*] [Borrowed Money]  
[Reference Obligations Only]  
[Bond]  
[Loan]  
[Bond or Loan]  
[Standard Terms]

Valuation Obligation Characteristics: Not Subordinated

[*select all of which apply*] [Credit Linked Specified Currency: (*specify currency*)] / [Standard Specified Currencies]  
[Not Sovereign Lender]

**Form of Pricing Supplement for N&C Securities**

[Not Domestic Currency]

[Domestic Currency means: *(specify currency)*]

[Not Domestic Law]

[Listed]

[Not Contingent]

[Not Domestic Issuance]

[Assignable Loan]

[Consent Required Loan]

[Direct Participation Loan]

[Qualifying Participation Seller: [ ] *(insert details)*]

[Transferable]

[Maximum Maturity: [ ]]

[Accelerated or Matured]

[Not Bearer]

[Standard Terms]

- (j) Valuation Obligation [ ]  
Determination Period:
- (k) Additional Valuation Obligations: [ ]
- (l) Excluded Valuation Obligations: [ ]
- (m) Quotation Method: [Bid] / [Offer] / [Mid-market]
- (n) Quotation Amount: [ ] / [Representative Amount]
- (o) Minimum Quotation Amount: [ ] / [As per the definition in the Credit Annex]
- (p) Quotation Dealers: [ ] / [As per the definition in the Credit Annex]
- (q) Quotations: [Include Accrued Interest] / [Exclude Accrued Interest]
- (r) Valuation Method: [Market / Highest]  
[Average Market / Highest / Average Highest]  
[Blended Market / Blended Highest]  
[Average Blended Market / Average Blended Highest]

**Form of Pricing Supplement for N&C Securities**

(s) Other terms or special conditions: [ ]

*(If physical delivery applies, complete the following section)*

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

Physical Delivery

(t) Physical Settlement Period: [[ ] Business Days] / [Not Applicable]

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

(v) Settlement Currency: [ ]

(w) Deliverable Obligations:

Deliverable Obligation Category [Payment]

*(select one only)* [Borrowed Money]

[Reference Obligations only]

[Bond]

[Loan]

[Bond or Loan]

[Standard Terms]

Deliverable Obligation [Not Subordinated]

Characteristics:

*(select all of which apply)* [Credit Linked Specified Currency:

*(specify currency)*] / [Standard Specified Currencies]

[Not Sovereign Lender]

[Not Domestic Currency]

[Domestic Currency means: *(specify currency)*]

[Not Domestic Law]

[Listed]

[Not Contingent]

[Not Domestic Issuance]

[Assignable Loan]

[Consent Required Loan]

[Direct Participation Loan]

**Form of Pricing Supplement for N&C Securities**

[Qualifying Participation Seller:  (*insert details*)]

[Transferable]

[Maximum Maturity: ]

[Accelerated or Matured]

[Not Bearer]

[Standard Terms]

(x) Additional Deliverable  / [Not Applicable]  
Obligation[s]:

(y) Excluded Deliverable  / [Not Applicable]  
Obligation[s]:

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

(aa) Cut-Off Date:  / [Not Applicable] (*N.B. This is a date by which Asset Transfer Notices are required for timely settlement*)

(bb) Delivery provisions for Asset  / [Not Applicable]  
Amount (including details of who is to make such delivery) if different from the Credit Linked Conditions:

(cc) Other terms or special conditions:

32.21 Other terms or special conditions:

**33. Additional provisions relating to Commodity Linked N&C Securities** [Applicable] / [Not Applicable]

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

33.1 Whether the N&C Securities relate to a  / [Not Applicable]  
single commodity or a basket of commodities and the identity of the relevant commodity / commodities

*(Give or annex details of commodity/commodities)*

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

(a) Commodity Reference Price(s):

(b) Futures Contract(s):  / [Not Applicable]

(i) Futures Contract – [Applicable] / [Not Applicable]  
Expiry Date Roll:

***Form of Pricing Supplement for N&C Securities***

- (ii) Futures Contract – [Applicable] / [Not Applicable]  
Delivery Date Roll:
- (c) Exchange(s): [ ] / [Not Applicable]
- (d) Specified Price: [high price] / [low price] / [average of the high price and the low price] / [closing price] / [opening price] / [bid price] / [asked price] / [average of the bid price and the asked price] / [settlement price] / [official settlement price] / [official price] / [morning fixing price] / [afternoon fixing price] / [spot price] / [other]
- (e) Price Source(s): [ ]
- (f) Fallback Reference Price: [*alternate Commodity Reference Price*] / [As per Commodity Linked Conditions]
- (g) Unit(s): [ ]
- (h) Relevant Currency: [*Insert any FX provisions required in relation to any Relevant Price*]
- (i) Commodity Business Day Convention / Bullion Business Day Convention: [Following] / [Modified Following] / [Nearest] / [Preceding] / [No Adjustment] [As per Commodity Linked Conditions]
- (j) Common Pricing: [Applicable] / [Not Applicable]  
  
*(N.B. Only applicable in relation to Commodity Linked N&C Securities relating to a Basket)*
- (k) Weighting: [The weighting to be applied to each item comprising the Basket is [ ]] / [Not Applicable]  
  
*(N.B. Only applicable in relation to Commodity Linked N&C Securities relating to a Basket)*
- 33.2 Whether the N&C Securities relate to a single commodity index or a basket of commodity indices and the identity of the relevant commodity index / indices: [Applicable] / [Not Applicable]  
  
*(Give or annex details of commodity index/commodity indices)*  
  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Index Sponsor: [ ] *(N.B. If the Commodity Linked N&C Securities relate to a basket of Commodity Indices specify the Index Sponsor in respect of each Commodity Index in the basket, clearly indicating to which Commodity Index each specified Index Sponsor relates)*
- (b) Commodity Reference Price(s): [ ]
- (c) Futures Contract(s): [ ] / [Not Applicable]

**Form of Pricing Supplement for N&C Securities**

- (i) Futures Contract – [Applicable] / [Not Applicable]  
Expiry Date Roll:
  - (ii) Futures Contract – [Applicable] / [Not Applicable]  
Delivery Date Roll:
  - (d) Exchange: [ ] / [Not Applicable]
  - (e) Specified Price: [high price] / [low price] / [average of the high price and the low price] / [closing price] / [opening price] / [bid price] / [asked price] / [average of the bid price and the asked price] / [settlement price] / [official settlement price] / [official price] / [morning fixing price] / [afternoon fixing price] / [spot price] / [other]
  - (f) Price Source: [Bloomberg Screen page] [and/or] [Reuters Screen page] [and/or] [ ]
  - (g) Fallback Reference Price: [*Specify alternate Commodity Reference Price*] / [As per Commodity Linked Conditions]
  - (h) Trading Day Convention: [Following] / [Modified Following] / [Nearest] / [Preceding] / [No Adjustment] [As per Commodity Linked Conditions]
  - (i) Common Pricing: [Applicable] / [Not Applicable] (*N.B. Only applicable in relation to Commodity Linked N&C Securities relating to a Basket*)
  - (j) Weighting: [The weighting to be applied to each item comprising the Basket is [ ]] / [Not Applicable] (*N.B. Only applicable in relation to Commodity Linked N&C Securities relating to a Basket*)
- 33.3 Commodity Reference Dates:
- (i) Pricing Date: [ ]
  - (ii) Fallback Pricing Date: [*please specify*] / [fifth Commodity Business Day/Bullion Business Day/Trading Day] immediately prior to the [relevant Interest Payment Date, Maturity Date or any other due date for payment or delivery under the N&C Securities, as applicable, of the amount calculated in respect of the relevant Pricing Date] / [Not Applicable]
  - (iii) Delivery Date: [ ] [First Nearby Month] / [Second Nearby Month] / [*specify other*]
- 33.4 Additional Market Disruption Events: [*specify any applicable additional Market Disruption Events*]
- 33.5 Additional provisions for Commodity Trading Disruption: [Not Applicable]
- [If Commodity Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Commodity Trading Disruption relates]*

**Form of Pricing Supplement for N&C Securities**

33.6 Disruption Fallback(s): [As set out in Commodity Linked Conditions] / [ ]

33.7 Other terms or special conditions: [ ]

**34. Additional provisions relating to Inflation Index Linked N&C Securities** [Applicable] / [Not Applicable]

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

34.1 Inflation Index/Inflation Indices: [ ]

*(Give or details of index/indices. In case of more than one Inflation Index, repeat the prompts set out in items 34.1 – 34.7 inclusive and include the relevant information. In this case immediately before such items set out the title: **Information in relation to [name of Inflation Index]**)*

34.2 Inflation Index Sponsor(s): [ ]

34.3 Reference source(s): [ ]

34.4 Related Bond: [Applicable] / [Not Applicable]

The Related Bond is: [ ] [Fallback Bond]

The issuer of Related Bond is: [ ]

34.5 Fallback Bond: [Applicable] / [Not Applicable]

34.6 Observation Level: [specify details]

34.7 Inflation Index Dates in relation to [name of Key Date]: *(In case of more than one Key Date, repeat the prompts set out in items 34.7(a) to (d) inclusive below (if different for each Key Date) and include the relevant information in a tabular format.)*

(a) Reference Month: [ ]

(b) Determination Date(s): [ ]

*(Note this may be the relevant Key Date)*

(c) Inflation Cut-Off Date: [ ] [As defined in the Inflation Index Linked Conditions]

(d) End Date: [ ] [Maturity Date]

*(This is necessary whenever Fallback Bond is Applicable)*

34.8 Additional Disruption Events: (a) [The following Additional Disruption Events apply to the N&C Securities: [Change in Law][,/and] [Hedging Disruption] [Increased Cost of Hedging][,/and] [Specified Additional Disruption Event]]/[Not Applicable: the provisions of Inflation Index Linked Condition 4 do not apply]/[Specify other]

(b) [Specified Additional Disruption Events: [Applicable] / [Not

**Form of Pricing Supplement for N&C Securities**

Applicable]] (If applicable, specify any additional events and give details)

34.9 Other terms or special conditions: [ ]

**35. Additional provisions relating to Property Index Linked N&C Securities** [Applicable] / [Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert provisions here)

35.1 Property Index: [ ]

(Give details of index / indices. In case of more than one Property Index, repeat the prompts set out in items 35.1 – 35.4 inclusive and include the relevant information. In this case immediately before such items set out the title **Information in relation to [name of Property Index]**)

35.2 Property Index Sponsor [ ]

35.3 Property Index Dates in relation to [Name of Key Date]: (In case of more than one Key Date, repeat the prompts set out in items 35.3(a) – (b) inclusive below (if different for each Key Date) and include the relevant information in a tabular format.)

(a) Publication Date(s): [ ] [As defined in the Property Index Linked Conditions]

(Note this may be the relevant Key Date)

(b) Cure Period: [Applicable: [ ] (If applicable, Cure Period to be specified)] / [Not Applicable]

35.4 Observation Level: [specify details]

35.5 Additional Disruption Events: (a) [The following Additional Disruption Events apply to the N&C Securities: [Change in Law][./and][Hedging Disruption][./and][Increased Cost of Hedging][./and] [Specified Additional Disruption Event]] [Not Applicable: the provisions of Property Index Linked Condition 5 do not apply] / [Specify other]

(b) [Specified Additional Disruption Events: [Applicable] / [Not Applicable]] (If applicable, specify any additional events and give details)

35.6 Other terms or special conditions: [ ]

**36. Additional Provisions relating to Interest Rate Linked N&C Securities**

36.1 Fixed Income Benchmark [Applicable: A Rate of Interest is to be determined in accordance with N&C Security Condition 5.9] / [Not Applicable]

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



***Form of Pricing Supplement for N&C Securities***

- 36.2 Additional Business Centre(s):  / [Not Applicable]
- 36.3 Manner in which the Rate of Interest is to be determined:  Screen Rate Determination /  ISDA Determination /  Bank of England Base Rate Determination  
  
(further particulars specified below)
- 36.4 Screen Rate Determination:  [Applicable] /  [Not Applicable]  
  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Interest Determination Date(s):  [ ]
- (b) Reference Rate:  [ ] month LIBOR / EURIBOR / *[specify other]*
- (c) Relevant Screen Page:  [ ]  
  
*(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend fallback provisions appropriately)*
- 36.5 ISDA Determination:  [Applicable] /  [Not Applicable]  
  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Reset Date(s):  [ ]  
  
*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
- (b) Floating Rate Option:  [ ]
- (c) Designated Maturity:  [ ]
- 36.6 Bank of England Base Rate Determination:  [Applicable] /  [Not Applicable]  
  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Designated Maturity:  [Daily]  [ ]
- (b) Relevant Screen Page:  [Reuters UKBASE]  [ ]
- 36.7 Margin(s):  [+/-][ ] per cent. per annum
- 36.8 Minimum Rate of Interest:  [ ] per cent. per annum
- 36.9 Maximum Rate of Interest:  [ ] per cent. per annum

- 37. Redemption provisions relating to Partial Redemption N&C Securities**  [Applicable]  [Not Applicable]

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

### ***Form of Pricing Supplement for N&C Securities***

*paragraph)*

- 37.1 Partial Redemption Amount: *[Insert amount] per N&C Security (NB. Should equal Partial Redemption Nominal Percentage multiplied by Calculation Amount)*
- 37.2 Partial Redemption Date: *[specify date]*
- 37.3 Partial Redemption Nominal Percentage: *[specify percentage] (NB. together, Partial Redemption Nominal Percentage plus Outstanding Partial Redemption Nominal Percentage should equal 100%. This part represents the fixed interest part)*
- 37.4 Outstanding Partial Redemption Nominal Percentage: *[specify percentage] (NB. This part represents the variable interest part)*

### **GENERAL PROVISIONS APPLICABLE TO THE N&C SECURITIES**

**38.** Form of N&C Securities:

- 38.1 Form: [Bearer N&C Securities:

*[Temporary Bearer Global N&C Security exchangeable for a Permanent Bearer Global N&C Security which is exchangeable for definitive Bearer N&C Securities [on 60 days' notice given at any time/only upon an Exchange Event]].*

*[Temporary Bearer Global N&C Security exchangeable for Definitive Bearer N&C Securities on and after the Exchange Date.]*

*[Permanent Bearer Global N&C Security exchangeable for Definitive Bearer N&C Securities [on 60 days' notice given at any time/only upon an Exchange Event]].*

*(Ensure that this is consistent with the wording in the "Form of the N&C Securities" section in the Information Memorandum and the N&C Securities themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the N&C Securities in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of N&C Securities which is to be represented on issue by a Temporary Bearer Global N&C Security exchangeable for Definitive N&C Securities.:*

*"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No*

## ***Form of Pricing Supplement for N&C Securities***

*N&C Securities in definitive form will be issued with a denomination above [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of N&C Securities which is to be represented on issue by a Temporary Bearer Global N&C Security exchangeable for Definitive N&C Securities.)*

*(N&C Securities that are determined by reason of the United States Commodity Exchange Act, as amended, to be permanently prohibited from being offered, sold, resold, transferred, pledged or delivered in the United States or to, or for the benefit of, U.S. persons may only be issued in bearer form.)*

[Securities shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]<sup>18</sup>

[Immobilised Bearer N&C Securities:

[Regulation S Global N&C Security held by the Book-Entry Depository and European CDIs registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/DTC]]

[Rule 144A Global N&C Security held by the Book-Entry Depository and U.S. CDIs registered in the name of a nominee for DTC]

[Permanently Restricted Global N&C Security held by the Book-Entry Depository and Permanently Restricted CDIs registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]]

*(Immobilised Bearer N&C Securities that may not be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person must be issued in the form of Permanently Restricted Global N&C Securities.)*

*(Permanently Restricted Global N&C Security to be used for securities which are to be represented by CREST Depository Interests)*

[CREST Depository Instruments:

CREST Depository Interests ("**CREST Depository**

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<sup>18</sup> Include for Securities that are to be offered in Belgium.

**Form of Pricing Supplement for N&C Securities**

**Interests**") representing the N&C Securities may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited ("**CREST**".)]

- 38.2 New Global Note: [Yes] / [No]
39. Additional Financial Centre(s): London / [give details]
40. Payment Day Convention: [Following] / [Modified Following] / [Preceding]  
*(NB: If no Payment Day Convention is specified, "Following" will apply)*
41. Talons for future Coupons to be attached to Definitive Bearer N&C Securities: [Yes as the N&C Securities have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made] / [No]
42. Talons for future Receipts to be attached to Definitive Bearer N&C Securities (and dates on which such Talons mature): [Yes] / [No]  
*(If yes, give details e.g. Talons will be issued if required and mature as of the date on which the last Receipt on any definitive N&C Security falls due)*
43. Details relating to Partly Paid N&C Securities: [Not Applicable] / [give details, including relevant further conditions relating to the Partly-Paid N&C Securities (e.g. interest, early redemption, redemption, subscription procedures, subscription amounts and/or timings) and annex to this Pricing Supplement, where appropriate, any related notices including any form of subscription amount notice]
- 43.1 Amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the N&C Securities and interest due on late payment: [N.B: new form of temporary Global N&C Security and/or permanent Global N&C Security may be required for Partly Paid issue]  
*(N.B: Partly Paid N&C Securities may not be offered, sold, transferred, pledged or delivered in the United States or to, or for the benefit of, any U.S. person.)*
- 43.2 Part Payment Date(s): [ ]
- 43.3 Part Payment Amount(s): [ ]
44. Details relating to Instalment N&C Securities: [Applicable] / [Not Applicable] / [give details]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
*(N.B: Instalment N&C Securities may not be offered, sold, transferred, pledged or delivered in the United States or to, or for the benefit of, any U.S. person.)*
- 44.1 Instalment Amount(s): [ ]
- 44.2 Instalment Date(s): [ ]

***Form of Pricing Supplement for N&C Securities***

45. Redenomination, renominalisation and Redenomination [not] applicable reconventioning provisions: [If applicable, The provisions annexed to this Pricing Supplement apply.]  
*(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*
46. Rounding Convention: [Rounded up] / [Rounded down] [Not Applicable]  
*(if another rounding convention is required, amend N&C Security Condition 6.9)*
47. Calculation Agent: [Abbey National Treasury Services plc  
2 Triton Square  
Regent's Place  
London NW1 3AN  
United Kingdom]  
*[specify other, including address]*
48. Any Conditions additional to, or modified from, those set forth in the Information Memorandum: [ ] / [See Annex] / [Not Applicable]  
*(When adding any other terms and conditions consideration should be given as to (i) whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Information Memorandum under Article 10.2 of Part 2, Chapter I of the rules and regulations of the Luxembourg Stock Exchange (in the case of the N&C Securities to be admitted to trading on the Euro MTF market) and (ii) whether such terms and conditions constitute a significant change affecting any matter contained in the Information Memorandum or a significant new matter, the inclusion of information in respect of which would have been so required if it had arisen at the time when the Information Memorandum was prepared and consequently trigger the need for a supplement to the Information Memorandum under the rules of the Irish Stock Exchange.)*

**DISTRIBUTION**

49. Method of distribution: [Syndicated/Non-syndicated]
50. (i) If syndicated, names of Managers: [Not Applicable] / *[give names of each entity acting as underwriter]*
- (ii) Date of Subscription Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable] / *[give name]*
51. If non-syndicated, name of relevant Dealer: [Not Applicable] / *[give name]*

### *Form of Pricing Supplement for N&C Securities*

[In connection with the issue of any Tranche of N&C Securities, the relevant Dealer (if any) named as the stabilising manager (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement or Information Memorandum (as the case may be) (the "**Stabilising Manager**") may over-allot N&C Securities or effect transactions with a view to supporting the market price of the N&C Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the pricing supplement of the offer of the Tranche of N&C Securities 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 Tranche of N&C Securities and 60 days after the date of the allotment of the Tranche of N&C Securities.]

**52.** U.S. Selling Restrictions:

[The N&C Securities are only for offer and sale outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act and may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person.

Each initial purchaser of the N&C Securities and each subsequent purchaser or transferee of the N&C Securities shall be deemed to have agreed with the Issuer or the seller of such Securities that (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, such Securities so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person and (ii) it is not purchasing any Securities for the account or benefit of any U.S. person.] *[include the preceding two paragraphs for issuance of Bearer Securities pursuant to Regulation S]*

[The N&C Securities [and the Asset Amount] have not been and will not be registered under the Securities Act or under any state securities laws and the N&C Securities may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The N&C Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended and trading in the N&C Securities has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended.] *[include this paragraph for issuance of Immobilised*

## ***Form of Pricing Supplement for N&C Securities***

*Bearer N&C Securities pursuant to Regulation S (that are not determined to be permanently prohibited from being offered, sold, resold, transferred, pledged or delivered in the United States) or in reliance on Rule 144A, or both.]*

[The N&C Securities will be offered in the United States to, or for the account or benefit of, QIBs. Each purchaser of the N&C Securities being offered within the United States is hereby notified that the offer and sale of such Securities is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. N&C Securities sold in the United States to QIBs will, unless otherwise specified, be sold through [●], a U.S. registered broker dealer.] *[include this paragraph, in addition to the preceding paragraph, for Immobilised Bearer N&C Securities issued in reliance on Rule 144A]*

[The N&C Securities may not be legally or beneficially owned at any time by any U.S. person (as defined in Regulation S or in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, promulgated by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as such definition may be amended, modified or supplemented from time to time) and accordingly are only being offered and sold in offshore transactions outside the United States to non-U.S. persons in reliance on Regulation S. Any offer, sale, resale, trade, pledge, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.] *[include this paragraph for issuance of Permanently Restricted N&C Securities (Immobilised Bearer N&C Securities that may not be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person)]*

[Reg. S Compliance Category [2]; TEFRA D / TEFRA C / TEFRA not applicable] *(NB. N&C Securities which will be represented by CREST Depository Interests to be TEFRA C)*

53. Additional selling restrictions:

[Not Applicable]/*[give details]*

### **LISTING AND ADMISSION TO TRADING APPLICATION**

This Pricing Supplement comprises the pricing supplement required for issue [and] admission to trading on [*specify relevant market (for example, the Luxembourg Stock Exchange's Euro MTF Market or Irish Stock Exchange's Global Exchange Market) and, if relevant, admission to an official list (for example, the Official List of Luxembourg Stock Exchange or the Official List of the Irish Stock Exchange)*] of N&C Securities described herein pursuant to the Global Structured Solutions Programme of Abbey National Treasury Services plc.

### **RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement. [*Relevant third party information*] has been extracted from [*specify source*]. The Issuer and the Guarantor each confirm that such information has been

***Form of Pricing Supplement for N&C Securities***

accurately reproduced and that, so far as they are aware and is/are able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer and the Guarantor:

By: .....

Duly authorised



## *Form of Pricing Supplement for N&C Securities*

### **PART B – OTHER INFORMATION**

#### **1. LISTING AND ADMISSION TO TRADING**

1.1 Listing and admission to trading:

[Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the N&C Securities to be admitted to the Official List of the Irish Stock Exchange and trading on the Global Exchange Market of the Irish Stock Exchange with effect from [●] [the Issue Date].]

[Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the N&C Securities to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market with effect from [●] [the Issue Date].]

*(Specify any other listing if applicable)*

[Not Applicable]

*(Where documenting a fungible issue, indication must be given that the original N&C Securities are already admitted to trading.)*

1.2 Estimate of total expenses related to admission to trading: [ ]

#### **2. RATINGS**

[None. Please note that as at the Issue Date it is not intended that this specific Series of N&C Securities will be rated.]

[The N&C Securities to be issued [have been]/[are expected to be] rated [insert rating] by [insert the legal name of the relevant credit rating agency entity(ies)].]

#### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the Dealer [and [specify names of other financial intermediaries/placers making offers or consider including a generic description of such other parties involved in offers]], so far as the Issuer is aware, no person involved in the issue of the N&C Securities has an interest material to the offer. *(Amend as appropriate if there are other interests)*]

*(When adding any other description, consideration should be given as to (i) whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Information Memorandum under Article 10.2 of Part 2, Chapter I of the rules and regulations of the Luxembourg Stock Exchange (in the case of the N&C Securities to be admitted to trading on the Euro MTF market) and (ii) whether such matters described constitute a significant change affecting any matter contained in the Information Memorandum or a significant new matter, the inclusion of information in respect of which would have been so required if it had arisen at the time when the Information Memorandum was prepared and consequently trigger the need for a supplement to the Information Memorandum under the rules of the Irish Stock Exchange.)*

#### **4. USE OF PROCEEDS, ESTIMATED NET PROCEEDS**

4.1 Use of Proceeds:

[See "Use of Proceeds" in the Information Memorandum]

## ***Form of Pricing Supplement for N&C Securities***

*(or if the use of proceeds is different to that specified in the Information Memorandum, please specify)*

*(When adding any other description, consideration should be given as to (i) whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Information Memorandum under Article 10.2 of Part 2, Chapter 1 of the rules and regulations of the Luxembourg Stock Exchange (in the case of the N&C Securities to be admitted to trading on the Euro MTF market) and (ii) whether such matters described constitute a significant change affecting any matter contained in the Information Memorandum or a significant new matter, the inclusion of information in respect of which would have been so required if it had arisen at the time when the Information Memorandum was prepared and consequently trigger the need for a supplement to the Information Memorandum under the rules of the Irish Stock Exchange.)*

4.2 Estimated net proceeds: [ ]

### **5. OPERATIONAL INFORMATION**

5.1 ISIN Code: [ ]

5.2 Common Code: [ ]

*(insert here any other relevant codes such as CUSIP and CINS numbers)*

5.3 Any clearing system(s) other than Euroclear and Clearstream, Luxembourg/The Depository Trust Company and the relevant identification number(s): [Not applicable/give name(s) and number(s)]

[The N&C Securities will also be eligible for CREST via the issue of CREST Depository Interests representing the N&C Securities]

5.4 Delivery: Delivery [against/free of] payment

5.5 Names and addresses of additional Paying Agent(s) (if any): [ ]/[Not Applicable]

5.6 Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] / [No]

[Note that the designation "yes" simply means that the N&C Securities are intended upon issue to be deposited with [one of the international central securities depositories ("**ICSDs**") as common safekeeper] [*specify other*] and does not necessarily mean that the N&C Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all

## ***Form of Pricing Supplement for N&C Securities***

times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

*(If "Yes" is selected and the N&C Securities are deposited with an ICSD, the N&C Securities must be issued in NGN form.)*

[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the N&C Securities are capable of meeting them the N&C Securities may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the N&C Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

- 5.7 Governing law: English
- 5.8 Additional investment considerations: [Applicable. See Annex [ ] contained herein]

[Not Applicable]

*[If applicable, set out in an annex all additional risk factors or other investment considerations applicable to the particular Tranche of N&C Securities to be issued.]*

## **6. POST-ISSUANCE INFORMATION**

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

[The Issuer is only offering to and selling to the Dealer(s) pursuant to and in accordance with the terms of the [Distribution Agreement] [Programme Agreement]<sup>19</sup>. All sales to persons other than the Dealer(s) will be made by the Dealer(s) or persons to whom they sell, and/or otherwise make arrangements with[, including [*specify names of other financial intermediaries/placers making offers or consider including a generic description of such other parties involved in offers*]] (the "**Financial Intermediaries**"). The Issuer shall not be liable for any offers, sales or purchases of N&C Securities to persons (other than in respect of offers and sales to, and purchases of, N&C Securities by the Dealer(s) and only then pursuant to the [Distribution Agreement] [Programme Agreement], which are made by the Dealer(s) [or Financial Intermediaries] in accordance with the arrangements in place between any such Dealer [or any such Financial Intermediary] and its customers.]

*[Additional disclosure to be inserted in the case of Physical Delivery N&C Securities]*

*[In the case of Legended N&C Securities, additional disclosure to be inserted in relation to the issuer, the reference asset or index (including further risk factors, disclosure relating to the relevant issuer, sponsor or obligor relating to the reference asset or index, where appropriate), product pricing and value, a description of the product, specific tax disclosure and/or such other disclosure as is appropriate in relation to the N&C Securities documented by this Pricing Supplement]*

<sup>19</sup> Delete as applicable depending on whether syndicated trade or not.

***Form of Pricing Supplement for N&C Securities***

*[(The following language applies if the Pricing Supplement relates to N&C Securities that have been determined based on issues arising under the United States Commodity Exchange Act, as amended, not to be eligible for offer, sale, resale, transfer, pledge or delivery in the United States or to, or for the account or benefit of, U.S. persons.):*

## *Form of Pricing Supplement for N&C Securities*

### **PART C – IMPORTANT NOTICE TO PURCHASERS AND TRANSFEREES**

The N&C Securities have not been and will not be registered under the Securities Act or any applicable state securities laws. Furthermore, the N&C Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the N&C Securities has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended. No N&C Securities, or interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.

Offers, sales, resales or deliveries of the N&C Securities, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act and any applicable state securities laws or pursuant to an exemption therefrom. In addition, in the absence of relief from the Commodity Futures Trading Commission, offers, sales, resales, transfers, pledges or deliveries of the N&C Securities, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of the United States Commodity Exchange Act, as amended.

As used herein, "**United States**" means the United States of America, its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organized in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust (or any trust which elected to be treated as a United States person prior to 20 August 1996); (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other "U.S. person" as such term may be defined in Regulation S under the Securities Act or in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, promulgated by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as such definition may be amended, modified or supplemented from time to time.

#### **Notice to Purchasers and Holders of Restricted Securities and Transfer Restrictions**

Each purchaser of the N&C Securities will, by its purchase of the N&C Securities, be deemed to acknowledge, represent and agree as follows:

- (a) the N&C Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the N&C Securities has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended;
- (b) that it will not at any time offer, sell, resell or deliver, directly or indirectly, any N&C Securities so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (c) that it is not purchasing any N&C Securities for the account or benefit of any U.S. person;
- (d) that it will not make offers, sales, resales or deliveries of any N&C Securities (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (e) that it will send each person who purchases N&C Securities from it a written confirmation (which shall include the definitions of United States and U.S. person set forth herein) stating that the N&C Securities have not been registered under the Securities Act or any applicable state securities laws, that the N&C Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the N&C Securities has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended and stating that such

***Form of Pricing Supplement for N&C Securities***

purchaser agrees that it will not at any time offer, sell, resell or deliver any of such N&C Securities, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person; and

- (f) that no U.S. person or person in the United States may at any time trade or maintain a position in the N&C Securities.]

*Form of Pricing Supplement for Warrants*

**FORM OF PRICING SUPPLEMENT FOR WARRANTS**

**APPLICABLE PRICING SUPPLEMENT**

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Warrants issued under the Programme.*

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF WARRANTS DESCRIBED BELOW**

**PLEASE CAREFULLY READ THE RISK FACTORS IN THE INFORMATION MEMORANDUM**

**EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN FINANCIAL AND LEGAL ADVISORS ABOUT THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE WARRANTS AND THE SUITABILITY OF AN INVESTMENT IN THE WARRANTS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES**

[Date]

**Abbey National Treasury Services plc**

*Issue of [Aggregate Number of Tranche] [Title of Warrants]  
(the "Warrants")*

**Guaranteed by Santander UK plc**

under the Global Structured Solutions Programme  
(the "**Programme**")

The Information Memorandum referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of Warrants in any Member State of the European Economic Area (each, a "**Relevant Member State**") which has implemented the Prospectus Directive will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Warrants. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Warrants may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Warrants in any other circumstances.

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 of the European Economic Area and includes any relevant implementing measure in the relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Any person making or intending to make an offer of the Warrants may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

**PART A – CONTRACTUAL TERMS**

[This document constitutes the Pricing Supplement of the Warrants described herein and must be read in conjunction with the Information Memorandum dated 3 April 2014 [as supplemented by the supplement[s] dated [date[s]]] (the "**Information Memorandum**"). Full information on the Issuer, the Guarantor and the offer of the Warrants is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum. Copies of the Information Memorandum may be obtained from the registered office of the Issuer and the Guarantor against proof of Securityholder or prospective Securityholder status. In the event of any inconsistency between the Conditions and the Pricing Supplement, this Pricing Supplement prevail.

## *Form of Pricing Supplement for Warrants*

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the Warrants (the "**Warrant Conditions**") and, together with the applicable Annex(es) (the "**Conditions**") set forth in the [Information Memorandum] [Prospectus dated [original date] which are incorporated by reference in the Information Memorandum]<sup>20</sup>.<sup>21</sup>

[This document constitutes the pricing supplement ("**Pricing Supplement**") of the Warrants described herein for the purposes of listing on the Global Exchange Market and must be read in conjunction with the Information Memorandum dated 3 April 2014 [as supplemented by the supplement[s] dated [date[s]]] which [together] constitute[s] a listing particulars for the purposes of listing on the Global Exchange Market (the "**Information Memorandum**"). Full information on the Issuer, the Guarantor and the offer of the Warrants is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum. Copies of the Information Memorandum may be obtained from the registered office of the Issuer and the Guarantor against proof of Securityholder or prospective Securityholder status. In the event of any inconsistency between the Conditions and the Pricing Supplement, the Pricing Supplement will prevail.

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the Warrants (the "**Warrant Conditions**") and, together with the applicable Annex(es) (the "**Conditions**") set forth in the [Information Memorandum] [Prospectus dated [original date] which are incorporated by reference in the Information Memorandum]<sup>22</sup>.<sup>23</sup>

The Warrants [and the Entitlement]<sup>24</sup> have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under any state securities laws, and the Warrants may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person (as defined herein). Furthermore, the Warrants do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Warrants has not been approved by the U.S. Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended, and no U.S. person may at any time trade or maintain a position in the Warrants. For a description of the restrictions on offers and sales of Warrants, see Part C attached hereto and "*Notice to Purchasers and Holders of Warrants and Transfer Restrictions*" and "*Subscription and Sale*" in the Information Memorandum.

The exercise of the Warrants will be conditional upon the holder (and any person on whose behalf the holder is acting) being a non-U.S. person.

For the purposes hereof, "**U.S. person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity treated as a corporation or partnership for United States federal income tax purposes, created or organised in or under the laws of the United States, any state thereof or the District of Columbia, or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust (or any trust which elected to be treated as a United States person prior to 20 August 1996); (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other "U.S. person" as such term may be defined in Regulation S under the Securities Act or in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, promulgated by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as such definition may be amended, modified or supplemented from time to time.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.]*

*[When completing this Pricing Supplement or adding any other terms and conditions or information, consideration should be given as to (i) whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to*

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<sup>20</sup> Only include this language where it is a fungible issue and the original Tranche was issued under a Prospectus with a different date.

<sup>21</sup> Insert in the case of an issue of Warrants other than in the case of Warrant admitted to the Irish Stock Exchange's Global Exchange Market.

<sup>22</sup> Only include this language where it is a fungible issue and the original Tranche was issued under Listing Particulars with a different date.

<sup>23</sup> Insert in the case of an issue of Warrants that are to be admitted to the Irish Stock Exchange's Global Exchange Market.

<sup>24</sup> Include in the case of Physical Delivery.



### **Form of Pricing Supplement for Warrants**

the Information Memorandum under Article 10.2 of Part 2, Chapter I of the rules and regulations of the Luxembourg Stock Exchange (in the case of the Warrants to be admitted to trading on the Euro MTF market) and (ii) whether such terms or information constitute a significant change affecting any matter contained in the Information Memorandum or a significant new matter, the inclusion of information in respect of which would have been so required if it had arisen at the time when the Information Memorandum was prepared and consequently trigger the need for a supplement to the Information Memorandum under the rules of the Irish Stock Exchange.]

[No person has been authorised to give any information or make any representation not contained in or not consistent with this Pricing Supplement, or any other information supplied in connection with the Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.]

[By investing in the Warrants each investors is deemed to represent that:

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to invest in the Warrants and as to whether the investment in the Warrants is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer, the Guarantor or any Dealer as investment advice or as a recommendation to invest in the Warrants, it being understood that information and explanations related to the terms and conditions of the Warrants shall not be considered to be investment advice or a recommendation to invest in the Warrants. No communication (written or oral) received from the Issuer, the Guarantor or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Warrants.
- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Warrants. It is also capable of assuming, and assumes, the risks of the investment in the Warrants.
- (c) **Status of Parties.** None of the Issuer, the Guarantor nor any Dealer is acting as fiduciary for or adviser to it in respect of the investment in the Warrants.]

This Pricing Supplement relates to the series of Warrants as set out in "Specific Provisions for each Series" below. References herein to "Warrants" shall be deemed to be references to the relevant Warrants that are the subject of this Pricing Supplement and references to "Warrant" shall be construed accordingly.

#### **[SPECIFIC PROVISIONS FOR EACH SERIES**

SERIES NUMBER	AGGREGATE ISSUE SIZE		COMMO N CODE	UNIT ISSUE PRICE OF TRANCHE		UNIT VALUE ON ISSUE	CALL/ PUT	EXERCISE PRICE	SCHEDULED SETTLEMENT DATE	EXERCISE PERIOD/ DATE]	[INSERT OTHER VARIABLES]	
	ISSUE	SIZE		PRICE	OF TRANCHE							
[●]	[●]	[●]	[●]	[●]	[●]	[●] per Unit	[●] per Unit	[call/put]	[insert currency]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●] per Unit	[●] per Unit	[call/put]	[insert currency]	[●]	[●]	[●]

(Where the Pricing Supplement covers more than one Series of Warrants, the table above should be completed for all variables which will differ across the different Series of Warrants or annex the table to this Pricing Supplement and refer to the annex here. The relevant line item for any such variable in the General Provisions below should include the following language: "See the Specific Provisions for each Series [above]/[in the Annex].")

[If applicable, include the following: Each series of Warrants specified above are traded together as a tradeable unit under the following security codes:

ISIN: [●]/Common Code: [●].

## *Form of Pricing Supplement for Warrants*

Investors should note that such tradeable unit is not a separate security and that they may at any time apply to Euroclear or Clearstream, Luxembourg to hold their interest in each relevant Series separately under its respective security codes.]

### GENERAL PROVISIONS

- |           |                       |                                       |   |
|-----------|-----------------------|---------------------------------------|---|
| <b>1.</b> | 1.1                   | Issuer:                               | Abbey National Treasury Services plc  |
|           | 1.2                   | Guarantor:                            | Santander UK plc  |
| <b>2.</b> | 2.1                   | Series Number:                        | [ ]   |
|           | 2.2                   | [(a)] Tranche Number:                 | [ ]   |
|           |                       | [(b)] Consolidation:                  | [The Warrants are to be consolidated and form a single series with <i>[insert title of relevant series of Warrants]</i> issued on <i>[insert issue date]</i> ] / [Not Applicable] <sup>25</sup>   |
|           |                       |                                       | <i>(If fungible with an existing Series, insert details of that Series, including the date on which the Warrants become fungible)</i>   |
|           | 2.3                   | Trading Method:                       | Unit  |
|           | 2.4                   | Calculation Amount:                   | [●]   |
| <b>3.</b> | Applicable Annex(es): |                                       | [Not Applicable] / [Currency (adjustment only)] / [Currency] / [Equity] / [Equity Index/ETF] / [Funds] / [Inflation Index] / [Property Index] / <i>[specify other]</i>  |
| <b>4.</b> | 4.1                   | Specified Currency or Currencies:     | [ ]   |
|           | 4.2                   | Currency Adjustment Only:             | [Applicable]/[Not Applicable]   |
|           |                       |                                       | <i>[If "Applicable" insert: Currency Linked Condition 3 in the Currency Linked Annex will apply to the Warrants]</i>  |
|           |                       |                                       | <i>[Specify as applicable where a composite option (FX exposure on the underlying Reference Items) is envisaged. Alternatively, specify as "not applicable" where a quanto option (no FX conversion of the underlying Reference Items) is envisaged.]</i> |
| <b>5.</b> | Aggregate Issue Size: |                                       |   |
|           | 5.1                   | Series:                               | [ ] Units   |
|           | 5.2                   | Tranche:                              | [ ] Units   |
|           | 5.3                   | Aggregate Proceeds Amount of Tranche: | [Specify currency] [ ]  |
|           |                       |                                       | <i>[Specify gross proceeds of Tranche without deduction of fees and commissions]</i>  |
| <b>6.</b> | 6.1                   | Unit Issue Price of Tranche:          | [ ] per Unit  |

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<sup>25</sup> Delete if not applicable.

### *Form of Pricing Supplement for Warrants*

- 6.2 Unit Value on Issue: [ ] per Unit
- Investors should note that the value of a Unit in the secondary market or on settlement may be less than the Unit Value on Issue.
- 6.3 Minimum Tradeable Size: [[ ] Unit(s)] / [Not Applicable]
- 6.4 Multiple Tradeable Size: [[ ] Unit(s)] / [Not Applicable]
7. 7.1 Issue Date: [*specify date*]
- 7.2 Settlement Date: The settlement date of the Warrants will be [(i) [●]] [or (ii) if earlier, the Autocallable Settlement Date specified in relation to the Actual Exercise Date in item 12 below] [the date specified as such in item 12 below in relation to the Actual Exercise Date] [*specify date(s)*] (the "**Scheduled Settlement Date(s)**") [in each case] subject to adjustment as provided in the Conditions.
- [Specified Number of Days Postponement: [●] Business Days]
8. Type of Warrants:
- 8.1 Warrant Type: The Warrants are [Cross Asset Linked Warrants: [*Specify each relevant Type as follows*]] / [Equity Index/ETF Linked Warrants / Equity Linked Warrants / Currency Linked Warrants / Commodity Linked Warrants / Debt Linked Warrants / Fund Linked Warrants / Inflation Index Linked Warrants / Property Index Linked Warrants / Interest Rate Linked Warrants / (*specify other type of Warrants*)].
- 8.2 Warrant Style: The Warrants are [European / American / Bermudan / (*specify other*)] Style Warrants.
- 8.3 Call / Put: The Warrants are [Call Warrants / Put Warrants / (*specify other*)].
- 8.4 Reference Item: The Warrants relate to [*describe relevant Index / Indices / ETF(s) / Shares / Currencies / Commodities / Debt instrument / Fund(s) / Property Indices / Inflation Indices / Interest rate / (specify other)*].

#### **PROVISIONS RELATING TO EXERCISE**

9. Minimum Exercise Number: The minimum number of Warrants that may be exercised (including automatic exercise) on any day by any Warrantholder is [●] [and Warrants may be exercised (including automatic exercise) in integral multiples of [●] Warrants in excess thereof].
10. Maximum Exercise Number: The maximum number of Warrants that may be exercised on any day by any Warrantholder or group of Warrantholders (whether or not acting in concert) is [●] (*N.B. Not Applicable for European Style Warrants*).
11. Exercise Price(s): The [exercise price(s) per Warrant/aggregate exercise price per Unit] (which may be subject to adjustment in accordance with the

### ***Form of Pricing Supplement for Warrants***

Conditions and/or this Pricing Supplement) is [●]. (N.B. This should take into account any relevant weighting and in the case of an index linked Warrant, must be expressed as a monetary value)

12. Exercise Date(s):

The exercise date[s] of the Warrants [is] [are] [ ]. (N.B. only single Exercise Date in relation to European Style Warrants)

[In respect of European style auto-callable Warrants, insert: The exercise date of the Warrants will be (i) [●] or (ii) if earlier, the date on which a [Knock-out Event] [Trigger Event][insert other events] occurs or, in each case, if such date is not an Exercise Business Day the Exercise Date shall be the immediately [preceding] [succeeding] Exercise Business Day.]

[In respect of auto-callable Warrants, insert the following otherwise delete:

12.1 [Knock-out Event] [Trigger Event][specify other event]

[A [Knock-out Event] [Trigger Event] [specify other] occurs if on any [Scheduled Observation Date] [Scheduled Trading Day during the Observation Period], the Calculation Agent determines that the Settlement Price is [equal to or lower/greater] than the [Knock-out Level] [Trigger Level]]

[N.B. Auto-callable warrants should be cash settled only]

12.2 [Knock-out] / [Trigger] / [other] Level:

[ ]

12.3 Other terms or special conditions:

[Insert as applicable]]

13. Exercise Period:

[The exercise period in respect of the Warrants is [from (and including) [●] up to (and including) [●]] [,or if either day is not an Exercise Business Day, the immediately [preceding][succeeding] Exercise Business Day] / [Not Applicable] (N.B. Only applicable in relation to American Style Warrants)

14. Automatic Exercise:

Automatic exercise [applies / does not apply] to the Warrants.

[N.B. Specify as "Applicable" for auto-callable Warrants]

(If Automatic Exercise is "Not Applicable" insert the following language: **Warrantholders should note that if Automatic Exercise is specified to be "Not Applicable", unless an Exercise Notice has been delivered in accordance with the Warrant Conditions on or prior to the Expiration Date, the Warrants shall become void and the Issuer shall be discharged from its obligations to pay any Cash Settlement Amount or deliver any Entitlement under the Warrants.)**

### **PROVISIONS RELATING TO SETTLEMENT**

15. Settlement:

Settlement will be by way of [cash payment ("Cash Settled

### *Form of Pricing Supplement for Warrants*

- Warrants")**] [and/or] [physical delivery ("**Physical Delivery Warrants**")].
- 16.** Variation of Settlement:
- 16.1 Issuer's option to vary settlement: The Issuer [has/does not have] the option to vary settlement in respect of the Warrants.
- 16.2 Variation of Settlement of Physical Delivery Warrants: [Notwithstanding the fact that the Warrants are Physical Delivery Warrants, the Issuer may make a payment of the Cash Settlement Amount on the Settlement Date and the provisions of Warrant Condition 4.4 will apply to the Warrants.] / [The Issuer will procure delivery of the Entitlement in respect of the Warrants and the provisions of Warrant Condition 4.4 will not apply to the Warrants.]
- 17.** Cash Settled Warrants: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 17.1 Cash Settlement Amount: [As specified in Warrant Condition 4.2] The Cash Settlement Amount per [Warrant/Unit] will be [●] [*specify calculation method*]
- 17.2 Settlement Price: The Settlement Price per [Warrant/aggregate settlement price per Unit] will be [●] [*specify calculation method*]
- 17.3 Unit Nominal Amount: The nominal amount per Unit which is to be used to determine the Cash Settlement Amount pursuant to Warrant Condition 4.2 is [●]
- 17.4 Exchange Rate: The applicable rate of exchange for conversion of any amount into the relevant settlement currency for the purposes of determining the Settlement Price or the Cash Settlement Amount (as defined in Warrant Condition 4.2) is [*insert rate of exchange and details of how and when such rate is to be ascertained*] / [*specify*] / [Not Applicable].
- 17.5 Rounding: [Rounded up] / [Rounded down] / [*specify other*]
- 18.** Physical Delivery Warrants: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 18.1 Relevant Asset(s): The relevant asset to which the Warrants relate [is/are] [●].
- 18.2 Entitlement: The Entitlement (as defined in Warrant Condition 4.7) in relation to each Warrant is [ ].
- The Entitlement will be evidenced by [*insert details of how the Entitlement will be evidenced*].
- The Entitlement will be delivered [*insert details of the method of*

***Form of Pricing Supplement for Warrants***

- delivery of the Entitlement*].
- 18.3 Assessed Value Payment Amount: [Specify method for calculation]
- 18.4 Settlement Business Day: For the purposes of Warrant Condition 4.3(A)(6) means [●]
19. Business Day Centre(s): The applicable Business Day Centre(s) for the purposes of the definition of "Business Day" in Warrant Condition 4.7 [is/are] [ ] .
20. Business Day Convention: [Following] / [Modified Following]
21. Issuer Early Cancellation: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 21.1 Issuer Early Cancellation Dates: [●]
- 21.2 Issuer Early Cancellation Amount and method, if any, of calculation of such amount(s): [●] per cent. per Unit / [ ]
- 21.3 Notice Periods (if other than as set out in the Warrant Conditions): [●] / [Not Applicable]
- (N.B. If setting notice periods which are different from those provided in the Warrant 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 Principal Warrant Agent)*
22. Notice Periods for Illegality Cancellation, Regulatory Cancellation, Force Majeure Cancellation and Tax Cancellation (if other than as set out in the Warrant Conditions): [ ] / [Not Applicable]
- (N.B. If setting notice periods which are different from those provided in the Warrant 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 Principal Warrant Agent)*
23. **Key Dates relating to Equity Linked Warrants, Equity Index/ETF Linked Warrants, Inflation Index Linked Warrants, Property Index Linked Warrants, Fund Linked Warrants and/or Currency Linked Warrants** [Applicable] / [Not Applicable]
- (if not applicable delete the remainder of this paragraph)*
- (In the case of Fund Linked Warrants, in relation to each of items 23.2, 23.3 and 23.8, if applicable, add wording substantially as follows:*
- [Each such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining [any Settlement Date Extension pursuant to Fund Linked Condition [2] [and/or] [the consequences of any such day not being a Fund Business Day]]])*
- 23.1 Trade Date: [ ]

***Form of Pricing Supplement for Warrants***

- 23.2 Valuation Date(s):  / Not Applicable
- 23.3 Initial Valuation Date:  / Not Applicable
- 23.4 Scheduled Observation Date(s):  / Not Applicable
- 23.5 Observation Period:  / Not Applicable
- 23.6 Averaging Dates:  [Averaging [applies / does not apply] to the Warrants.] [The Averaging Dates are [ ].]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]*
- 23.7  [Equity][Equity Index/ETF] Cut-off Date:  / Not Applicable
- [Specify calendar date (e.g. that is at least 10 Business Days prior to Scheduled Maturity Date)]*
- [Specify as "Not Applicable" for Currency Linked Warrants and Fund Linked Warrants]*
- 23.8 Final Valuation Date:  / Not Applicable
- 23.9 Specified Maximum Days of Disruption:  [See [[Equity Linked Condition 10] (for Equity Linked Warrants)] / [[Equity Index/ETF Linked Condition 9] (for Equity Index/ETF Linked Warrants)] / [[Currency Linked Condition 6] (for Currency Linked Warrants)] / [[Specify number] [Scheduled Trading Days (for Equity Linked Warrants or Equity Index/ETF Linked Warrants)] [FX Business Days (for Currency Linked Warrants)]]] / [Not Applicable].
- (Specify as "Not Applicable" for Fund Linked Warrants)*

**PROVISIONS RELATING TO THE TYPE OF WARRANTS**

- 24. Currency Linked Warrants:**  [Applicable] /  [Not Applicable]
- (if not applicable delete the remainder of this paragraph)*
- 24.1 Settlement Date Extension:  [Applicable] /  [Not Applicable]
- 24.2 (a) Specified Currencies and Currencies: Rate(s) and Base Reference  [Applicable] /  [Not Applicable]
- [Insert each Specified Rate in relation to each Valuation Date or Averaging Date or other relevant date and Valuation Time, including whether bid, offer or market average rate, if applicable - e.g. as set out below - and repeat as necessary in relation to each Specified Rate. If applicable, insert all provisions for calculation of each Currency Pair, including each First Currency and Second Currency. If using any different formulation ensure consistency with Valuation Date and Averaging Date where Currency Reference Dealers may provide the quotations. "The Specified Rate in relation to the [specify Valuation Date,*

## ***Form of Pricing Supplement for Warrants***

- Averaging Date or other relevant date] means the rate at which the Reference Currency [NB set out definition] could be exchanged for the Base Currency, expressed as the number of units of the Reference Currency (or part thereof) for which one unit of the Base Currency could be exchanged as quoted by the relevant FX Price Source at or about the Valuation Time on such [specify relevant Valuation Date, Averaging Date or other relevant date], subject to the Currency Linked Conditions.]*
- (b) Local Currency: *[Specify each Local Currency, for purposes of General Inconvertibility, Specific Inconvertibility, General Non-Transferability or Specific Non-Transferability or Special Taxation Event.]*
- 24.3 NDF Currency(ies): *[Applicable] / [Not Applicable]*
- [Specify each relevant NDF Currency] [If applicable, specify each relevant NDF currency. For example, ARS, BRL, CLP, COP, etc. If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert: See Annex (Special Conditions) contained herein]*
- (a) Unscheduled Holiday: *[Specify meaning in accordance with applicable emerging market trading association templates]*
- (b) Specified NDF Maximum Days of Disruption: *[ ]* calendar days
- (c) First Fallback FX Price Source: *[See item 24.4 below]/[Not Applicable]*
- (d) Second Fallback FX Price Source: *[Not Applicable]/[Give details]*
- 24.4 FX Price Source(s): *[Specify in relation to each Specified Rate including Bloomberg Screen, Reuters Screen and/or Screen Page if applicable. Include each of (i) primary FX Price Source and (ii) the Fallback FX Price Source or First Fallback FX Price Source if relevant, making clear when fallback to (ii) occurs]*
- 24.5 Valuation Time: *[Specify in relation to each Specified Rate]*
- 24.6 Principal Financial Centres: (For the purposes of determining the FX Business Day) *[Specify for the purposes only of FX Business Day]*
- 24.7 Disruption Fallback: *[Currency Reference Dealer Quotation] [Fallback Reference Price] [Valuation Postponement] [Calculation Agent Determination] [specify and set out provisions for any other]*
- [N.B. specify in the order the Disruption Fallbacks should apply and ensure Calculation Agent Determination is specified last. These will apply to both Valuation Dates and Averaging Dates.]*
- 24.8 Additional Disruption Events other than as specified in the Currency Linked Conditions: *[Specify any other Additional Disruption Events not set out in the Currency Annex]*



***Form of Pricing Supplement for Warrants***

25. **Equity Linked Warrants** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 25.1 Whether the Warrants relate to a single share or a basket containing one or more shares (each a "Share"): [Single Share] / [Basket containing one or more Shares]
- 25.2 Share(s) and Share Company(ies):
- (a) [Name of Share]
  - (b) [Name of Share Company / Basket Company]
  - (c) Bloomberg Screen: [ ]
  - (d) ISIN Code: [ ]
- (In case of more than one Share repeat the prompts set out in items 25.2 – 25.6 inclusive and include the relevant information. In this case before such items set out the title: **Information in relation to [name of Share]**)*
- 25.3 Depository Receipt provisions: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Details of Depository Receipt: [specify name and ISIN code]
  - (b) Underlying Shares: [specify the shares underlying the depository receipts]
  - (c) Underlying Share issuer: [specify name of the underlying issuer]
  - (d) Share Exchange: [specify – exchange for underlying shares]
- 25.4 Settlement Price: [Opening Price] / [Intraday Price] / [Observation Price] / [Closing Price] [Other (specify – insert calculation method, including any weightings and exchange rates)]
- 25.5 Exchange(s): The relevant Exchange[s] [is/are] [ ]
- 25.6 Related Exchange: [specify] / [All Exchanges]
- 25.7 Relevant Time: [Scheduled Opening Time] [Scheduled Closing Time]/[The relevant time is [ ], being a time specified on a [Valuation Date/Averaging Date/Scheduled Observation Date], as the case may be, for the calculation of the Settlement Price.]
- 25.8 Exchange Business Day: [Exchange Business Day (Single Share Basis)] / [Exchange Business Day (All Shares Basis)] / [Exchange Business Day (Per Share Basis)] / [Exchange Business Day (Cross Asset Basis)]  
*(note only to be specified for Cross Asset Linked Warrants which relate only to Equities and Equity Indices/ETFs)*

***Form of Pricing Supplement for Warrants***

- 25.9 Scheduled Trading Day: [Scheduled Trading Day (Single Share Basis)] / [Scheduled Trading Day (All Shares Basis)] / [Scheduled Trading Day (Per Share Basis)] / [Scheduled Trading Day (Cross Asset Basis) (*note only to be specified for Cross Asset Linked Warrants which relate only to Equities and Equity Indices/ETFs*)]
- 25.10 Further provisions relating to Extraordinary Events:
- (a) Share Substitution: [Applicable] / [Not Applicable] (*if applicable, specify any amendment(s) to Equity Linked Condition 5(b)(v)*)
- (b) Tender Offer: [Applicable] / [Not Applicable]
- 25.11 Additional Disruption Events: [Applicable] / [Not Applicable] (*if not applicable delete the remaining sub-paragraphs of this paragraph 25.11*)
- (a) Elected Events Only: [Applicable] / [Not Applicable]
- (b) [The following Additional Disruption Events apply to the Warrants: [Analogous Event] [Change in Law] [Currency Event] [Failure to Deliver] [Force Majeure Event] [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Insolvency Filing] [Jurisdiction Event] [Loss of Stock Borrow] [Stop-Loss Event] [Specified Additional Disruption Event] [Termination or Adjustment Event (if applicable)]]
- (NB: delete this item (b) if "Elected Events Only" is specified as Not Applicable)
- (c) [Specified Additional Disruption Events: [Applicable] / [Not Applicable]] (*If applicable, specify any additional events not set out in the Equity Annex and give details*)
- (d) [The Maximum Stock Loan Rate in respect of [*specify in relation to each relevant Share*] is [ ]]
- (NB: only applicable if Loss of Stock Borrow is required)
- (e) [The Initial Stock Loan Rate in respect of [*specify in relation to each relevant Share*] is [ . ]]
- (NB: Only applicable if Increased Cost of Stock Borrow is required)
- (f) Stop-Loss Event: [Applicable]/[Not Applicable]
- (*If applicable, specify all details necessary for the definition of Stop-Loss Event in Equity-Linked Condition 8, including the time for the determination of Share price, nature of Share price, Strike Date, Strike Price (or Benchmark Price) and relevant percentage(s)*)

***Form of Pricing Supplement for Warrants***

- (g) Other terms or special conditions: [ ]
- 25.12 Additional Extraordinary Events: [Applicable] / [Not Applicable]
- (If applicable, give details (e.g. illiquidity, or, for non-basket linked Warrants only De-Merger, Participation Event))*
- 25.13 Adjustments for Dividend Amounts and Extraordinary Dividends (specify all that are applicable and insert all operative provisions required): [Applicable] / [Not Applicable]
- (If applicable insert relevant provisions, which may use Equity Linked Condition 8 provisions)*
- (a) Dividend Amount: [Record Amount] / [Ex Amount] / [Paid Amount] / [Other – give details]
- (b) Dividend Payment Date: [ ]
- (c) Dividend Period: [First Period] / [Second Period]
- (d) Extraordinary Dividend: [ ] / [Not Applicable]
- (e) Excess Dividend Amount: [Extraordinary Dividend Record Amount] / [Extraordinary Dividend Ex Amount] / [Extraordinary Dividend Paid Amount] / [Other – give details]
- 25.14 Other terms or special conditions: [ ]
- 26. Equity Index/ETF Linked Warrants** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 26.1 Whether the Warrants relate to single index or ETF or a basket containing one or more indices or ETFs and the identity of each relevant Index/ETF: [Single index] / [Basket containing one or more indices] / [Single ETF] / [Basket containing one or more ETFs]
- 26.2 Equity Index: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) [Name of Index/Basket Index]
- (b) The relevant Index Sponsor is [Name of Index Sponsor]
- (c) Bloomberg Screen: [ ]
- (In case of more than one Index repeat the prompts set out in items 26.2 - 26.7 inclusive and include the relevant information in a tabular format.)*
- 26.3 Exchange Traded Fund: [Applicable] / [Not Applicable]

***Form of Pricing Supplement for Warrants***

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

- (a) [Name of ETF/Basket ETF]
- (b) The ETF Issuer is [Name of ETF Issuer]
- (c) ETF Bloomberg Screen: [ ]
- (d) ISIN Code: [ ]
- (e) The Related Index is [Name of Related Index]
- (f) Related Index Bloomberg Screen: [ ]
- (g) Related Index ISIN Code: [ ]

*(In case of more than one ETF repeat the prompts set out in items 26.3 - 26.7 inclusive below and include the relevant information in a tabular format.)*

- |       |                               |   |
|-------|-------------------------------|---|
| 26.4  | Index /ETF Level:             | [Closing Level] / [Intraday Level] / / [Opening Level] / [Observation Level] [Other ( <i>specify</i> )]   |
| 26.5  | Exchange(s)                   | [The relevant Exchange[s] [is/are] [ ]]   |
| 26.6  | Related Exchange:             | [ <i>specify</i> ] / [All Exchanges]  |
| 26.7  | Relevant Time:                | [Scheduled Closing Time]/[The relevant time is [ ], being the time specified on the [Valuation Date/Averaging Date/Scheduled Observation Date] for the calculation of the Index/ETF Level.]   |
| 26.8  | Exchange Business Day         | [Exchange Business Day (Single Index Basis)] / [Exchange Business Day (All Indices Basis)] / [Exchange Business Day (Per Index Basis)] / [Exchange Business Day (Cross Asset Basis)]<br><i>(Note: final option only to be specified for Cross Asset Linked Warrants which relate only to Equities and Equity Indices/ETFs)</i>  |
| 26.9  | Scheduled Trading Day         | [Scheduled Trading Day (Single Index Basis)] / [Scheduled Trading Day (All Indices Basis)] / [Scheduled Trading Day (Per Index Basis)] / [Scheduled Trading Day (Cross Asset Basis)]<br><i>(Note: final option only to be specified for Cross Asset Linked Warrants which relate only to Equities and Equity Indices/ETFs)</i>  |
| 26.10 | Additional Disruption Events: | [Applicable] / [Not Applicable: the provisions of Equity Index/ETF Linked Condition 7 do not apply] <i>(if not applicable delete the remaining parts of this item 26.10)</i><br><br>(a) Elected Events Only: [Applicable] / [Not Applicable]<br><i>[Where the Warrants are linked to an ETF or basket of ETFs, include the following language: provided that "Additional Disruption Event" will be deemed to include Merger Event, Tender Offer, Insolvency, Nationalisation and De-Listing]]</i> |

***Form of Pricing Supplement for Warrants***

(b) [The following Additional Disruption Events apply to the Warrants: [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] [Merger Event] [Tender Offer] [Nationalisation] [Insolvency] [De-Listing] [Specified Additional Disruption Event] [ETF Event]]

*(NB: delete this item (b) if "Elected Events Only" is specified as Not Applicable)*

(c) [Specified Additional Disruption Events: [Applicable] / [Not Applicable]] *(If applicable, specify any additional events not set out in the Equity Index/ETF Annex and give details)*

(d) [The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Component Security] is [ ]]

*(NB: only applicable if Loss of Stock Borrow is applicable)*

(e) [The Initial Stock Loan Rate in respect of [specify in relation to each relevant Component Security] is [ ].]

*(NB: only applicable if Increased Cost of Stock Borrow is applicable)*

26.11 Additional Index Adjustment Events:

[Applicable] / [Not Applicable]

*(If applicable, specify, Additional Index Adjustment Events, including consequences)*

26.12 Other terms or special conditions:

[ ]

**27. Fund Linked Warrants:**

[Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph) (If applicable, in the case of American Style or Bermudan Style Warrants consider any relevant amendments required in the Fund Linked Conditions to reflect the nature of such Warrants)*

27.1 Settlement Date Extension:

[Applicable] / [Not Applicable]

27.2 Reference Fund(s):

[If more than one Reference Fund, insert the following:

[ ] ("**Reference Fund 1**")

[ ] ("**Reference Fund 2**")

*[NB: complete and number accordingly in relation to additional Reference Funds. Also repeat relevant information in 27.2 - 27.7 below inclusive and any other relevant item in respect of each*

***Form of Pricing Supplement for Warrants***

*Reference Fund, specifying "In relation to Reference Fund [1]" or similar in relation to the relevant information.*

*If more than three Reference Funds, annex the details.]*

- 27.3 (a) Fund Interest: [Give details]
- (b) Fund Interest Unit(s): [Class [ ] shares] in [the Reference Fund] [Reference Fund 1]  
[Class [ ] shares] in [Reference Fund 2]  
*[If more than three Fund Interest Units, annex the details.]*
- 27.4 Reference Fund(s) Management and Administration
- (a) Fund Adviser: [ ]
- (b) Fund Administrator(s): [ ]
- (c) Fund Custodian: [ ]
- (d) Other Fund Service Provider(s): [ ] / [Not Applicable]
- (e) Key Person(s): [ ] / [Not Applicable]
- 27.5 Fund Documents: [ ]
- [NB: Specify details of the prospectus - See Fund Linked Condition [6] of the Funds Annex]]*
- 27.6 Fund Reference Dates:
- (a) Reference Fund Subscription Date: [ ]
- (b) Subscription Notice Date: [ ] / [Not Applicable]
- (c) Fund Valuation Date: [ ] *[specify in relation to Valuation Date or Averaging Date]*
- (d) Fund Reporting Date(s): [ ] / *[Generally expected to fall on the last Fund Business Day of the calendar month]*
- (e) Redemption Notice Date: [ ] *[specify in relation to Valuation Date or Averaging Dates]*
- (f) Scheduled Redemption Payment Date: *[Specify/Not Applicable]*
- (g) Cut-off Period/Final Cut-Off Date: [ ] *[Specify Cut-Off Period and Final Cut-off Date, if any]*
- 27.7 Valuation Method: [Deemed Payout Method]/[Reported Value Method]
- 27.8 Valuation Time: [Not Applicable/give details]
- 27.9 Provisions for Settlement:

***Form of Pricing Supplement for Warrants***

- (a) Settlement Price: [As per the Fund Linked Conditions]/[Specify if other than as set out in Fund Linked Conditions. Expressed as price per Fund Interest Unit]
- (b) Settlement Cycle [As per the Fund Linked Conditions]/[Other – give details]
- 27.10 Fund Business Day: [As per the Fund Linked Conditions]/[Other – give details]
- 27.11 Currency Business Day: [As per the Fund Linked Conditions]/[Other – give details]
- 27.12 Additional Extraordinary Fund Events: [Applicable / Not Applicable]  
[please specify]
- 27.13 Hypothetical Investor Jurisdiction: [As set out in the Fund Linked Conditions/other - give details]
- 27.14 Hypothetical Investor: [As set out in the Fund Linked Conditions/other - give details]
- 27.15 Redemption Fees: [Specify if applicable where Reported Value Method applies]
- 27.16 Additional Fund Representations: [Applicable] / [Not Applicable]  
[If applicable, specify all operative details]
- 27.17 Other terms or special conditions: [ ]
- 28. Inflation Index Linked Warrants:** [Applicable] / [Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 28.1 Inflation Index/Inflation Indices: [ ]  
*(Give details of index/indices. In case of more than one Inflation Index, repeat the prompts set out in items 28.1 - 28.7 inclusive and include the relevant information. In this case immediately before such items set out the title: **Information in relation to [name of Inflation Index]**)*
- 28.2 Inflation Index Sponsor(s): [ ]
- 28.3 Reference source(s): [ ]
- 28.4 Related Bond: [Applicable/Not Applicable]  
The Related Bond is: [ ] [Fallback Bond]  
The issuer of Related Bond is: [ ]
- 28.5 Fallback Bond: [Applicable] / [Not Applicable]
- 28.6 Observation Level: [specify details]
- 28.7 Inflation Index Dates in relation to [name of Key Date]: *(In case of more than one Key Date, repeat the prompts set out in items 28.7(a) - (d) inclusive below (if different for each Key Date):*

***Form of Pricing Supplement for Warrants***

*Date) and include the relevant information in a tabular format.)*

(a) Reference Month: [ ]

(b) Determination Date(s): [ ]

*(Note this may be the relevant Key Date)*

(c) Inflation Cut-Off Date: [ ] [As defined in the Inflation Index Linked Conditions]

(d) End Date: [ ] [The final possible Settlement Date]

*(This is necessary whenever Fallback Bond is Applicable)*

28.8 Additional Disruption Events: (a) [The following Additional Disruption Events apply to the Warrants: [Change in Law][./and] [Hedging Disruption][./and] [Increased Cost of Hedging] [./and] [Specified Additional Disruption Event]]/[Not Applicable: the provisions of Inflation Index Linked Condition 4 do not apply]/[specify other]

(b) [Specified Additional Disruption Events: [Applicable] / [Not Applicable]] *(If applicable, specify any additional events and give details)*

28.9 Other terms or special conditions: [ ]

**29. Property Index Linked Warrants:** [Applicable] / [Not Applicable]

*(If applicable, insert relevant provisions here. Alternatively, annex the relevant provisions to this Pricing Supplement)*

29.1 Property Index: [ ]

*(Give details of index / indices. In case of more than one Property Index, repeat the prompts set out in items 29.1 - 29.4 inclusive and include the relevant information. In this case immediately before such items set out the title Information in relation to [name of Property Index])*

29.2 Property Index Sponsor [ ]

29.3 Property Index Dates in relation to [Name of Key Date]: *(In case of more than one Key Date, repeat the prompts set out in items 29.3(a) - (b) inclusive below (if different for each Key Date) and include the relevant information in a tabular format.)*

(a) Publication Date(s): [ ] [As defined in the Property Index Linked Conditions]

*(Note this may be the relevant Key Date)*

(b) Cure Period: [Applicable: [ ] *(If applicable, Cure Period to be specified)*] / [Not Applicable]

29.4 Observation Level: [specify details]



***Form of Pricing Supplement for Warrants***

- 29.5 Additional Disruption Events: (a) [[Each of][Change in Law][./and][Hedging Disruption][./and][Increased Cost of Hedging][./ and] [Specified Additional Disruption Event]]/[Not Applicable: the provisions of Property Index Linked Condition 5 do not apply] / [*Specify other*]
- (b) [Specified Additional Disruption Events: [Applicable] / [Not Applicable]] (*If applicable, specify any additional events and give details*)

29.6 Other terms or special conditions: [ ]

**30. Additional Provisions relating to Interest Rate Linked Warrants**

30.1 Fixed Income Benchmark [Applicable] / [Not Applicable]

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

*(If applicable, insert the following:*

[These Additional Provisions relating to Interest Rate Linked Warrants relate to the calculation of the Rate of Interest for the purposes of determining the [Cash Settlement Amount][*specify other amount which is calculated by reference to a Rate of Interest*]. **Investors should note that the Warrants themselves do not bear interest.**.)

30.2 Additional Business Centre(s): [ ] / [Not Applicable]

30.3 Manner in which the Rate of Interest is to be determined: [Screen Rate Determination / ISDA Determination / Bank of England Base Rate Determination]

*(further particulars specified below)*

30.4 Screen Rate Determination: [Applicable] / [Not Applicable]

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

(a) Interest Determination Date(s): [ ]

(b) Reference Rate: [ ] month LIBOR / EURIBOR / [*specify other*]

(c) Relevant Screen Page: [ ]

*(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend fallback provisions appropriately)*

30.5 ISDA Determination: [Applicable] / [Not Applicable]

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

***Form of Pricing Supplement for Warrants***

*paragraph)*

(a) Reset Date(s): [ ]

*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*

(b) Floating Rate Option: [ ]

(c) Designated Maturity: [ ]

30.6 Bank of England Base Rate Determination: [Applicable] / [Not Applicable]

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

(a) Interest Determination Date(s): [ ]

(b) Designated Maturity: [Daily] [ ]

(c) Relevant Screen Page: [Reuters UKBASE] [ ]

30.7 Margin(s): [ +/- ] [ ] per cent. per annum

30.8 Minimum Rate of Interest: [ ] per cent. per annum

30.9 Maximum Rate of Interest: [ ] per cent. per annum

**31. Commodity Linked Warrants:** [Applicable] / [Not Applicable]

*(If applicable, insert relevant provisions here. Alternatively, annex the relevant provisions to this Pricing Supplement)*

**32. Debt Linked Warrants:** [Applicable] / [Not Applicable]

*(If applicable, insert relevant provisions here. Alternatively, annex the relevant provisions to this Pricing Supplement)*

**GENERAL PROVISIONS APPLICABLE TO THE WARRANTS**

**33.** Form of Warrants: Registered Form: Permanent Global Warrant

**34.** Calculation Agent: [Abbey National Treasury Services plc  
2 Triton Square  
Regent's Place  
London NW1 3AN  
United Kingdom]  
[specify other]

**35.** Linked Warrants: [Applicable/Not Applicable]

*[If applicable, specify manner in which a Linked Warrant may be separated by a Warrantholder at his option. Warrantholders should be able to separate Linked Warrants at their discretion.]*

### *Form of Pricing Supplement for Warrants*

36. Redenomination: [Applicable/Not applicable]
- [If applicable:
- The provisions set out in this Pricing Supplement apply. [Set out provisions]]
37. Any Conditions additional to, or modified from, those set forth in the Information Memorandum: [ ] / [See Annex] / [Not Applicable]
- (When adding any other terms consideration should be given as to (i) whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Information Memorandum under Article 10.2 of Part 2, Chapter I of the rules and regulations of the Luxembourg Stock Exchange (in the case of the Warrants to be admitted to trading on the Euro MTF market) and (ii) whether such terms or information constitute a significant change affecting any matter contained in the Information Memorandum or a significant new matter, the inclusion of information in respect of which would have been so required if it had arisen at the time when the Information Memorandum was prepared and consequently trigger the need for a supplement to the Information Memorandum under the rules of the Irish Stock Exchange.)*

#### **DISTRIBUTION**

38. Method of distribution: [Syndicated]/[Non-syndicated]
39. (i) if syndicated, names of Managers: [Not Applicable] / [give names of each entity acting as underwriter]
- (ii) Date of Subscription Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable] / [give name]
40. If non-syndicated, name of relevant Dealer: [Not Applicable] / [give name]

[In connection with the issue of any Tranche of Warrants, the relevant Dealer (if any) named as the stabilising manager (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement or Information Memorandum (as the case may be) (the "**Stabilising Manager**") may over-allot Warrants or effect transactions with a view to supporting the market price of the Warrants at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the pricing supplement for the offer of the Tranche of Warrants 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 Tranche of Warrants and 60 days after the date of the allotment of the Tranche of Warrants.]

***Form of Pricing Supplement for Warrants***

41. U.S. Selling Restrictions: The Warrants [and the Entitlement] have not been and will not be registered under the Securities Act or under any state securities laws, and the Warrants may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person (as defined herein). Furthermore, the Warrants do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Warrants has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended, and no U.S. person may at any time trade or maintain a position in the Warrants. For a description of the restrictions on offers and sales of Warrants, see Part C attached hereto and "*Notice to Purchasers and Holders of Warrants and Transfer Restrictions*" and "*Subscription and Sale*" in the Information Memorandum.

42. Additional selling restrictions: [Not Applicable] / [give details]

**LISTING AND ADMISSION TO TRADING APPLICATION**

This Pricing Supplement comprises the pricing supplement required for issue [and] admission to trading on [*specify relevant market (for example, the Luxembourg Stock Exchange's Euro MTF Market or Irish Stock Exchange's Global Exchange Market) and, if relevant, admission to an official list (for example, the Official List of Luxembourg Stock Exchange or the Official List of the Irish Stock Exchange)*] of Warrants described herein pursuant to the Global Structured Solutions Programme of Abbey National Treasury Services plc.

**RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement. [*Relevant third party information*] has been extracted from [*specify source*]. The Issuer and the Guarantor each confirm that such information has been accurately reproduced and that, so far as they are aware and is/are able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer and the Guarantor:

By: .....  
Duly authorised

## *Form of Pricing Supplement for Warrants*

### **PART B – OTHER INFORMATION**

#### **1. LISTING AND ADMISSION TO TRADING**

1.1 Listing and admission to trading: [Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Warrants to be admitted to the Official List of the Irish Stock Exchange and trading on the Global Exchange Market of the Irish Stock Exchange with effect from [●] [the Issue Date].]

[Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Warrants to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market with effect from [●] [the Issue Date].]

*(Specify any other listing if applicable)*

*(Where documenting a fungible issue, indication must be given that the original Warrants are already admitted to trading)*

[Not Applicable]

1.2 Estimate of total expenses related to admission to trading: [ ]

#### **2. RATINGS**

[None. Please note that as at the Issue Date it is not intended that this specific Series of Warrants will be rated.]

[The Warrants to be issued [have been]/[are expected to be] rated [insert rating] by [insert the legal name of the relevant credit rating agency entity(ies)].]

#### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the Dealer [and [specify names of other financial intermediaries/placers making offers or consider including a generic description of such other parties involved in offers]], so far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the offer. *(Amend as appropriate if there are other interests)*]

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Information Memorandum under Article 10.2 of Part 2, Chapter I of the rules and regulations of the Luxembourg Stock Exchange (in the case of the Warrants to be admitted to trading on the Euro MTF market) and (ii) whether such matters described constitute a significant change affecting any matter contained in the Information Memorandum or a significant new matter, the inclusion of information in respect of which would have been so required if it had arisen at the time when the Information Memorandum was prepared and consequently trigger the need for a supplement to the Information Memorandum under the rules of the Irish Stock Exchange.)*

#### **4. USE OF PROCEEDS, ESTIMATED NET PROCEEDS**

4.1 Use of Proceeds: [See "Use of Proceeds" in the Information Memorandum]

## ***Form of Pricing Supplement for Warrants***

*(If the use of proceeds is different to that stated in the Information Memorandum, please specify)*

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Information Memorandum under Article 10.2 of Part 2, Chapter I of the rules and regulations of the Luxembourg Stock Exchange (in the case of the Warrants to be admitted to trading on the Euro MTF market) and (ii) whether such matters described constitute a significant change affecting any matter contained in the Information Memorandum or a significant new matter, the inclusion of information in respect of which would have been so required if it had arisen at the time when the Information Memorandum was prepared and consequently trigger the need for a supplement to the Information Memorandum under the rules of the Irish Stock Exchange.)*

4.2 Estimated net proceeds: [       ]

### **5. ADDITIONAL INFORMATION REGARDING [EQUITY LINKED WARRANTS][EQUITY INDEX/ETF LINKED WARRANTS][PROPERTY INDEX LINKED WARRANTS][COMMODITY LINKED WARRANTS][DEBT LINKED WARRANTS]**

*[For Equity Linked Warrants, insert the following information:*

- *Registered office of the share issuer;*
- *Type of share;*

*In addition, in case of Equity Linked Warrants where physical delivery is specified, the following information is required:*

- *Procedures, place, time limits and conditions of the delivery of the underlying shares;*
- *Form of the underlying shares;*
- *Method of transfer and restrictions, if any, on the transfer of underlying shares, name of the registrar and paying agent in the main listing country of the underlying shares;*
- *Tax scheme applicable to the income of the underlying shares in the country of origin;*
- *Place in Luxembourg where the annual and, where applicable interim, reports in French, German, or English can be obtained;*

*In addition, in the case of Equity Linked Warrants relating to a basket of shares, the following information is required:*

- *Method of computation of the basket value. If the basket constituents are company shares admitted to different stock exchanges or different other regulated markets which are regularly operating, recognised and open for the public, and, if for this reason, the computation of the basket value proves difficult, it may be requested that an agent is designated to provide the recent value of the basket to the public.*
- *If any change can be made to the basket constituents, the procedures for making such change and informing thereof the warrant holders and the market.]*

## ***Form of Pricing Supplement for Warrants***

*[For Equity Index/ETF Linked Warrants, insert the following information:*

- *Frequency and method of calculation; index adjustment procedures.*

*In addition, in case of Equity Index/ETF Linked Warrants where physical delivery is applicable, the following information is required:*

- *Procedures, place, time limits and conditions of the delivery of the underlying ETF shares;*
- *Form of the underlying ETF shares;*
- *Method of transfer and restrictions, if any, on the transfer of underlying ETF shares, name of the registrar and paying agent in the main listing country of the underlying ETF shares;*
- *Tax scheme applicable to the income of the underlying ETF shares in the country of origin;*
- *Place in Luxembourg where the annual and, where applicable interim, reports in French, German, or English can be obtained;]*

*[For Property Index Linked Warrants, insert the following information:*

- *Place and method of publication of the Property Index]*

*[For Commodity Linked Warrants, insert the following information:*

- *description of the commodity;*
- *description of the market(s) where the commodity regularly trades and to which the assessment of the price refers;*
- *place of publication of the prices and frequency of such publication.]*

*[For Debt Linked Warrants, insert the following information:*

- *Name and registered office of the issuer of the debt;*
- *Short description of the bond or debt;*
- *Name of stock exchange or of another regulated market where such bonds or debt are regularly traded;*

*In addition, in case of Debt Linked Warrants where physical delivery is applicable, the following information is required:*

- *Place in Luxembourg where the detailed terms and conditions of the issuer of the underlying bonds or debt may be consulted;*
- *Procedures, place, time frame and conditions for the delivery of the underlying bonds or debt;*
- *Form of the underlying bonds or debt;*
- *Method of transfer and restrictions, if any, on the transfer of underlying bonds or debt, name of the paying agent in the listing country of the bonds or debt;*
- *Tax scheme applicable to the income of bonds or debt in the country of origin;*
- *Place in Luxembourg where the annual and, where applicable interim, reports in French, German, or English can be obtained.]*

## *Form of Pricing Supplement for Warrants*

### 6. OPERATIONAL INFORMATION

6.1 ISIN Code: [ ]

6.2 Common Code: [ ]

*(insert here any other relevant codes such as CUSIP and CINS numbers)*

6.3 Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not applicable/give name(s) and number(s)]

6.4 Delivery: Delivery [against/free of] payment

6.5 Governing law: English

6.6 Additional investment considerations: [Applicable. See Annex [ ] contained herein]  
[Not Applicable]

*[If applicable, set out in an annex all additional risk factors or other investment considerations applicable to the particular Tranche of Warrants to be issued.]*

### 7. POST-ISSUANCE INFORMATION

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

The Issuer is only offering to and selling to the Dealer(s) pursuant to and in accordance with the terms of the [Distribution Agreement] [Programme Agreement]<sup>26</sup>. All sales to persons other than the Dealer(s) will be made by the Dealer(s) or persons to whom they sell, and/or otherwise make arrangements with[, including [*specify names of other financial intermediaries/placers making offers or consider including a generic description of such other parties involved in offers*] (the "**Financial Intermediaries**")]. The Issuer shall not be liable for any offers, sales or purchases of Warrants to persons (other than in respect of offers and sales to, and purchases of, Warrants by the Dealer(s) and only then pursuant to the [Distribution Agreement] [Programme Agreement], which are made by the Dealer(s) or Financial Intermediaries in accordance with the arrangements in place between any such Dealer or any such Financial Intermediary and its customers.

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<sup>26</sup> Delete as applicable depending on whether syndicated trade or not.



## ***Form of Pricing Supplement for Warrants***

*[(The following language applies if the Pricing Supplement relates to Warrants that have been determined not to be eligible for offer, sale, resale, transfer, pledge or delivery in the United States or to, or for the account or benefit of, U.S. persons.)]*

### **PART C – IMPORTANT NOTICE TO PURCHASERS AND TRANSFEREES**

The Warrants have not been and will not be registered under the Securities Act or any applicable state securities laws. Furthermore, the Warrants do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Warrants has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended. No Warrants, or interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person and no U.S. person may at any time trade or maintain a position in the Warrants.

Offers, sales, resales or deliveries of the Warrants, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act and any applicable state securities laws or pursuant to an exemption therefrom. In addition, in the absence of relief from the Commodity Futures Trading Commission, offers, sales, resales, transfers, pledges or deliveries of the Warrants, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of the United States Commodity Exchange Act, as amended.

As used herein, "**United States**" means the United States of America, its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organized in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust (or any trust which elected to be treated as a United States person prior to 20 August 1996); (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other "U.S. person" as such term may be defined in Regulation S under the Securities Act or in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, promulgated by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as such definition may be amended, modified or supplemented from time to time.

#### **Notice to Purchasers and Holders of Restricted Securities and Transfer Restrictions**

Each purchaser of the Warrants will, by its purchase of the Warrants, be deemed to acknowledge, represent and agree as follows:

- (a) the Warrants do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Warrants has not been approved by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended;
- (b) that it will not at any time offer, sell, resell or deliver, directly or indirectly, any Warrants so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (c) that it is not purchasing any Warrants for the account or benefit of any U.S. person;
- (d) that it will not make offers, sales, resales or deliveries of any Warrants (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (e) that it will send each person who purchases Warrants from it a written confirmation (which shall include the definitions of United States and U.S. person set forth herein) stating that the Warrants have not been registered under the Securities Act or any applicable state securities laws, that the Warrants do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as

***Form of Pricing Supplement for Warrants***

amended, and trading in the Warrants has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended and stating that such purchaser agrees that it will not at any time offer, sell, resell or deliver any of such N&C Securities, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person; and

- (f) that no U.S. person or person in the United States may at any time trade or maintain a position in the Warrants.]

## *Form of Guarantee*

### FORM OF GUARANTEE

#### GUARANTEE

**THIS GUARANTEE** is given on 5 April 2013 by Santander UK plc (the "**Guarantor**").

#### **WHEREAS:**

- (A) The Guarantor has agreed to guarantee the obligations of Abbey National Treasury Services plc (the "**Issuer**") in respect of notes ("**Notes**"), redeemable certificates ("**Certificates**" and, together with the Notes, "**N&C Securities**") and warrants ("**Warrants**" and, together with N&C Securities, "**Securities**") issued under its Global Structured Solutions Programme (the "**Programme**") which are issued pursuant to (i) in the case of N&C Securities, an amended and restated Agency Agreement (as the same may be supplemented, amended and/or restated from time to time, the "**Agency Agreement**") dated on or around 5 April 2013 between, among others, the Issuer, the Guarantor and Citibank N.A. as Issuing and Principal Paying Agent and (ii) in the case of Warrants, an amended and restated Warrant Agreement (as the same may be supplemented, amended and/or restated from time to time, the "**Warrant Agreement**") dated on or around 5 April 2013 between, among others, the Issuer, the Guarantor and Citibank N.A. as Principal Warrant Agent.
- (B) Terms defined in the General Terms and Conditions of the N&C Securities or the General Terms and Conditions of the Warrants (as the case may be) and, in each case, each applicable Annex (together, the "**Conditions**") as set out in the Agency Agreement or Warrant Agreement (as applicable) and not otherwise defined in this Guarantee shall have the same meaning when used in this Guarantee. References to "N&C Securities" herein shall include the related Coupons, Talons and Receipts, if applicable. References to "Securityholder" herein will be references to "N&C Securityholder" or, where applicable, "Couponholder" or "Receiptholder", in the case of N&C Securities and to "Warrantholder" in the case of Warrants.
- (C) This Guarantee will apply in respect of Securities issued on or after the date hereof save in relation to any issues of Securities which are further issues of any Tranche of Securities in existence at the date hereof ("**Fungible Securities**"), in relation to which the Guarantor's Deed of Guarantee dated 26 March 2009 or 5 April 2012, as applicable, will apply (if such Fungible Securities are Notes) or the Guarantor's Deed of Guarantee dated 16 December 2009 or 5 April 2012, as applicable, will apply (if such Fungible Securities are Warrants).
- (D) The giving of this Guarantee was authorised by the Board of Directors of the Guarantor on 26 February 2013.

#### **NOW THIS DEED WITNESSETH** as follows:

1. The Guarantor as primary obligor hereby irrevocably and unconditionally guarantees to the holder from time to time of each Security by way of continuing guarantee:
  - (a) the due and punctual payment of all amounts payable by the Issuer on or in relation to such Securities as and when the same shall become due according to the Conditions; and
  - (b) the due and punctual performance and observance by the Issuer of each of the other provisions of the N&C Securities (including delivery of any Asset Amount, subject as provided in Clause 2(a) below) or the Warrants (including the delivery of any Entitlement, subject as provided in Clause 2(b) below), as the case may be ("**Relevant Obligations**") to be performed or observed by the Issuer in relation to all Securities issued by it.
2. The Guarantor as primary obligor unconditionally and irrevocably agrees that if and each time that the Issuer shall fail to make any payments or perform any Relevant Obligations as and when the same become due or due to be performed or observed, the Guarantor will on demand (without requiring the relevant Securityholder first to take steps against the Issuer or any other person) (x) pay to the relevant Securityholder the relevant amounts in the currency in which the amounts are payable by the Issuer or (y) perform or observe or procure the performance or observation of the Relevant Obligation (in each case as to which the certificate of the relevant Securityholder shall in the absence of manifest error be conclusive), Provided That:

### *Form of Guarantee*

- (a) in the case of each Series of N&C Securities which are Physical Delivery N&C Securities, the Guarantor shall at all times have the right, in its sole and unfettered discretion, to elect not to deliver or procure delivery of the Asset Amount (as specified in the applicable Pricing Supplement) to the holders of such Physical Delivery N&C Securities when the same shall become due and deliverable, but in lieu thereof to make payment in respect of each Physical Delivery N&C Security to the holder(s) of such Physical Delivery N&C Security of an amount determined by the Guarantor in good faith and in a commercially reasonable manner to be equal to the fair market value of the assets to which the Asset Amount in respect of the relevant N&C Security relates less such N&C Security's *pro rata* share of the costs of unwinding any underlying related hedging and/or funding arrangements of the Issuer and/or the Guarantor (the "**Guaranteed Cash Settlement Amount**"). Any payment of the Guaranteed Cash Settlement Amount in lieu of the relevant Asset Amount shall constitute a complete discharge of the Guarantor's obligations in respect of the relevant N&C Securities save as to any other cash amounts due in respect of such N&C Securities.
- (b) in the case of each Series of Warrants which are Physical Delivery Warrants, the Guarantor shall at all times have the right, in its sole and unfettered discretion, to elect not to deliver or procure delivery of the Entitlement (as specified in the applicable Pricing Supplement) to the holders of such Physical Delivery Warrants when the same shall become due and deliverable, but in lieu thereof to make payment in respect of each Physical Delivery Warrant to holder(s) of such Physical Delivery Warrant an amount determined by the Guarantor in good faith and in a commercially reasonable manner to be equal to the fair market value of the assets to which the Entitlement in respect of the relevant Warrant relates less such Warrants' *pro rata* share of the costs of unwinding any underlying related hedging and/or funding arrangements of the Issuer and/or the Guarantor (the "**Guaranteed Cash Settlement Amount**"). Any payment of the Guaranteed Cash Settlement Amount in lieu of the relevant Entitlement shall constitute a complete discharge of the Guarantor's obligations in respect of the relevant Warrants save as to any other cash amounts due in respect of such Warrants.
3. All payments by the Guarantor under this Guarantee will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom or the taxing authority of any territory in which the Guarantor is incorporated or resident for taxation purposes, 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 Guarantor will make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Securities, as the case may be, and shall not pay any additional amounts to the holders of the Securities.
4. If any payment or delivery received by any Securityholder pursuant to the provisions of the Securities in relation to the Securities shall, on the subsequent bankruptcy, insolvency or corporate reorganisation of the Issuer or other such similar event, be avoided or set aside for any reason, such payment or delivery shall not be considered as discharging or diminishing the liability of the Guarantor and this guarantee shall continue to apply as if such payment or delivery had at all times remained owing by the Issuer and the Guarantor shall indemnify the relative Securityholders (as the case may be) in respect thereof PROVIDED THAT the obligations of the Guarantor under this subclause shall, as regards each payment or delivery made to any Securityholder which is avoided or set aside, be contingent upon such payment or delivery being reimbursed or returned to the Issuer or other persons entitled through the Issuer.
5. The Guarantor hereby agrees that its obligations hereunder shall be unconditional and that the Guarantor shall be fully liable irrespective of the validity, regularity, legality or enforceability against the Issuer of, or of any defence or counter-claim whatsoever available to the Issuer in relation to, its obligations under the Securities, whether or not any action has been taken to enforce the same or any judgment obtained against the Issuer, whether or not any of the other provisions of the Securities have been modified, whether or not any time indulgence, waiver, authorisation or consent has been granted to the Issuer by or on behalf of the relative Securityholders, whether or not there have been any dealings or transactions between the Issuer and any of the relative Securityholders, whether or not the Issuer has been dissolved, liquidated, merged, consolidated, bankrupted or has changed its status, functions, control or ownership, whether or not the Issuer has been prevented from making payments by foreign exchange provisions applicable at its place of registration or incorporation and whether or not any other circumstances have occurred which might otherwise constitute a legal or equitable discharge of or defence to a guarantor. Accordingly, the validity of this guarantee shall not be affected by reason of any invalidity, irregularity, illegality or unenforceability of all or any of the obligations of the Issuer under these presents

### *Form of Guarantee*

and this guarantee shall not be discharged nor shall the liability of the Guarantor under these presents be affected by any act, thing or omission or means whatever whereby its liability would not have been discharged if it had been the principal debtor or obligor.

6. The Guarantor shall, without the consent of the Warrantholders, be entitled at any time to substitute any other company (the "Substitute Guarantor") as guarantor in respect of all obligations of the Issuer in respect of the Warrants subject to compliance with the terms of Warrant Condition 12.2.
7. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of dissolution, liquidation, merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to the relative Securities or the indebtedness evidenced thereby and all demands whatsoever and hereby covenants that this Guarantee shall be a continuing guarantee, which shall not be discharged except by complete performance of the obligations contained in the Securities in relation to the relative Securities.
8. If any moneys shall become payable and/or any Relevant Obligations due by the Guarantor under this Guarantee, the Guarantor shall not, so long as the same remain unpaid:
  - (a) in respect of any amounts paid by it under this Guarantee, exercise any rights of subrogation against the Issuer or any other right or remedy which may accrue to it in respect of or as a result of any such payment; or
  - (b) in respect of any other moneys for the time being due to the Guarantor by the Issuer, claim payment thereof or exercise any other right or remedy,

(including in either case claiming the benefit of any security or right of set-off or, on the liquidation of the Issuer, proving in competition with Securityholders). If, notwithstanding the foregoing, upon the bankruptcy, insolvency or liquidation of the Issuer any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, shall be received by the Guarantor before payment of all amounts and performance of all Relevant Obligations in full on the relative Securities issued by the Issuer shall have been made to the relative Securityholders, such payment or distribution shall be received by the Guarantor on trust to pay the same over immediately to the Issuing and Principal Paying Agent, in the case of N&C Securities or the Principal Warrant Agent, in the case of Warrants, for application in or towards the payment of all sums due and remaining unpaid under the Securities.

9. The obligations of the Guarantor under this Guarantee are direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank *pari passu* with all other present and future unsecured and unsubordinated obligations (including those arising under deposits received in its banking business) of the Guarantor, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.
10. This Guarantee shall ensure for the benefit of the Securityholders and shall be deposited with and held by Citibank N.A. as the Principal Paying Agent for N&C Securities and Principal Warrant Agent for Warrants.
11. This Guarantee and any non-contractual obligations arising out of or in connection with this Guarantee are governed by, and construed in accordance with, English law. The English courts, have exclusive jurisdiction to settle any disputes arising out of or in connection with this Guarantee, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequence of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with this Guarantee (a "**Dispute**") and the Guarantor submits to the exclusive jurisdiction of the English Courts. For the purposes of this Clause 11, the Guarantor waives any objection to the English Courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute.

*Form of Guarantee*

**IN WITNESS** whereof this Guarantee has been entered into as a deed by the Guarantor on the date which appears first on page 1.

THE COMMON SEAL of )  
**SANTANDER UK PLC** )  
was affixed to this deed )  
in the presence of: )

.....  
Title:

## *Form of the Securities*

### FORM OF THE SECURITIES

Words and expressions defined in the "Terms and Conditions of the N&C Securities" or the "Terms and Conditions of the Warrants", as applicable, shall have the same meanings in this Form of the Securities.

#### Form of the N&C Securities

Other than in the case of Book-Entry Interests, CDIs (each as defined below) and Definitive Registered N&C Securities, the N&C Securities of each Series will initially be represented by a global security in bearer form, with or without interest coupons attached. Bearer N&C Securities will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and Immobilised Bearer N&C Securities of certain issues may be issued through the Book-Entry Depository (as defined below) both outside the United States to non-U.S. persons in reliance on Rule 903 or 904 of Regulation S ("**Regulation S N&C Securities**") and within the United States to "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act ("**Rule 144A N&C Securities**"). In addition, interests in Immobilised Bearer N&C Securities of certain issues may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person and may not be legally or beneficially owned at any time by any U.S. person ("**Permanently Restricted N&C Securities**"). Accordingly, Permanently Restricted N&C Securities may only be offered and sold in offshore transactions outside the United States to non-U.S. persons in reliance on Regulation S.

#### Bearer N&C Securities

Each Tranche of Bearer N&C Securities will initially be represented by either a temporary bearer global N&C Security (a "**Temporary Bearer Global N&C Security**") or a permanent bearer global N&C Security (a "**Permanent Bearer Global N&C Security**") and, together with the Temporary Bearer Global N&C Security, the "**Bearer Global N&C Securities**") as indicated in the applicable Pricing Supplement of the N&C Securities, which, in either case, will:

- (i) if the Bearer Global N&C Securities are intended to be issued in new global note ("**NGN**") form, as stated in the applicable Pricing Supplement, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"); or
- (ii) if the Bearer Global N&C Securities are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository (the "**Common Depository**") for Euroclear and Clearstream, Luxembourg.

Where the Bearer Global N&C Securities issued in respect of any Tranche are in NGN form, the applicable Pricing Supplement will also indicate whether such Bearer Global N&C Securities are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global N&C Securities are to be so held does not necessarily mean that the Securities of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Pricing Supplement.

In the case of each Tranche of Securities in bearer form the relevant Pricing Supplement will specify whether U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) ("**TEFRA C**") or U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) ("**TEFRA D**") apply in relation to the Securities, or if the Securities do not have a maturity of more than one year, that TEFRA does not apply.

Whilst any Bearer N&C Security is represented by a Temporary Bearer Global N&C Security, payments of principal, interest (if any) and any other amount payable in respect of the N&C Securities due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global N&C Security (if the Temporary Bearer Global N&C Security is not intended to be issued in NGN form) only to the extent that certification to the effect that the beneficial owners of interests in such Bearer N&C Security are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent. If a Permanent Bearer Global N&C Security is issued directly (rather than exchanged from a Temporary Bearer Global N&C Security), then that issuance must, on

### *Form of the Securities*

the earlier of the date of the first payment of interest by the issuer or the date of delivery by the issuer of the obligation in definitive form, comply with the same certification requirements as a Temporary Bearer Global N&C Security, described above.

In respect of each Tranche of N&C Securities in respect of which a Temporary Bearer Global N&C Security is issued, on and after the date (the "**Exchange Date**") which is 40 days after the Temporary Bearer Global N&C Security is issued, interests in such Temporary Bearer Global N&C Security will be exchangeable (free of charge) upon a request as described therein for either:

- (i) interests in a Permanent Bearer Global N&C Security of the same Series; or
- (ii) Definitive Bearer N&C Securities (as defined in the General Terms and Conditions of the N&C Securities) of the same Series (as defined in the General Terms and Conditions of the N&C Securities) with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Bearer N&C Securities, to such notice period as is specified in the applicable Pricing Supplement).

In each case such exchange shall be made against certification of non-U.S. beneficial ownership as described above, unless such certification has already been given. Purchasers in the United States and certain U.S. persons will not be able to receive Definitive Bearer N&C Securities or interests in a Permanent Bearer Global N&C Security. The holder of a Temporary Bearer Global N&C Security will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due presentation and certification, exchange of the Temporary Bearer Global N&C Security for an interest in a Permanent Bearer Global N&C Security or for Definitive Bearer N&C Securities is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global N&C Security will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global N&C Security (if the Permanent Bearer Global N&C Security is not intended to be issued in NGN form) without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global N&C Security will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer N&C Securities with, where applicable, receipts, interest coupons and talons attached upon either:

- (1) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global N&C Security) to the Principal Paying Agent, or
- (2) only upon the occurrence of an Exchange Event (as defined below).

No Definitive Bearer N&C Securities will be sent by post or otherwise delivered to any location in the United States or its possessions in connection with such exchange.

For these purposes, "**Exchange Event**" means that:

- (1) an Event of Default (as defined in N&C Security Condition 10 (Events of Default)) has occurred and is continuing;
- (2) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system satisfactory to the Issuer and the Principal Paying Agent is available; or
- (3) the Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the N&C Securities represented by the Permanent Bearer Global N&C Security in definitive form.

The Issuer will promptly give notice to the Securityholders in accordance with N&C Security Condition 14 (Notices) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global N&C Security) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (3) above, the Issuer or the



### *Form of the Securities*

Guarantor may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Global N&C Securities which have an original maturity of more than 1 year and on all receipts, talons and interest coupons relating to such N&C Securities unless the relevant Pricing Supplement indicates that TEFRA C applies or does not apply:

"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."

N&C Securities which are represented by a Bearer Global N&C Security will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

In relation to any Tranche of N&C Securities under the Programme, the Issuer may elect to specify for an issue of N&C Securities a minimum authorised denomination of €100,000 and integral multiples of €1,000 (or such other amount as is specified in the applicable Pricing Supplement) in excess thereof up to and including €199,000 (or such other amount as is specified in the applicable Pricing Supplement). In such case, no N&C Securities in definitive form will be issued with a denomination above €199,000 (or such other amount as is specified in the applicable Pricing Supplement). So long as such N&C Securities are represented by a Temporary Bearer Global N&C Security or Permanent Bearer Global N&C Security and the relevant clearing systems so permit, the N&C Securities will be tradeable only in the relevant minimum authorised denomination and higher integral multiples of €1,000 (or such other amount as is specified in the applicable Pricing Supplement), notwithstanding that no Definitive Bearer N&C Securities will be issued with a denomination above €199,000 (or such other amount as is specified in the applicable Pricing Supplement).

If a Global Bearer N&C Security is exchangeable for a Definitive Bearer N&C Security at the option of the Securityholders, the N&C Securities shall be tradeable only in principal amounts of at least the Specified Denomination (as defined in the General Terms and Conditions of the N&C Securities) (or if more than one Specified Denomination, the lowest Specified Denomination).

#### **Immobilised Bearer N&C Securities**

To facilitate the issuance of N&C Securities which are to be eligible for sale into the United States to QIBs, the Issuer will arrange for N&C Securities to be issued as bearer securities in an immobilised form ("**Immobilised Bearer N&C Securities**"). The Immobilised Bearer N&C Securities of each Tranche offered and sold in reliance on Regulation S, which will be sold in offshore transactions to non-U.S. persons outside the United States, will initially be represented by a global security in bearer form (a "**Regulation S Global N&C Security**"). If any Securities are issued as Immobilised Bearer Global N&C Securities, then the entire Series of which they form part will be issued as Immobilised Bearer Global N&C Securities.

In the event that the applicable Pricing Supplement specifies that a Tranche of N&C Securities is eligible for sale in the United States or to, or for the account or benefit of, U.S. persons, Immobilised Bearer N&C Securities of such Tranche will initially be represented by a global security in bearer form (a "**Rule 144A Global N&C Security**"). Interests in such a Rule 144A Global N&C Security will only be offered and sold in private transactions in the United States to QIBs in compliance with Rule 144A.

Interests in Immobilised Bearer N&C Securities of certain issues that may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person will initially be represented by a global security in bearer form (a "**Permanently Restricted Global N&C Security**" and, together with Regulation S Global N&C Securities and the Rule 144A Global N&C Securities, the "**Immobilised Bearer Global N&C Securities**"). Any offer, sale, resale, trade, pledge, redemption, transfer or delivery of an interest in a Permanently Restricted Global N&C Security made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. Interests in Permanently Restricted Global N&C Securities may not be legally or beneficially owned at any time by any U.S. person and accordingly may only be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Interests in a Permanently Restricted Global N&C Security may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Permanently Restricted Global N&C Securities will bear a legend regarding such restrictions on transfer.

The Immobilised Bearer Global N&C Securities will initially be issued in bearer form, without interest coupons, and title thereto will pass by delivery. Pursuant to an N&C securities depository agreement (such agreement as amended and/or supplemented and/or

## *Form of the Securities*

restated from time to time, the "**N&C Securities Depository Agreement**") dated on or about the date of this Information Memorandum between the Issuer, Citibank, N.A., London Branch (the "**Book-Entry Depository**"), Citibank, N.A., London Branch (the "**Custodian**") and Citigroup Global Markets Deutschland AG (the "**Registrar**"), the Immobilised Bearer Global N&C Securities of each Series will on issue be deposited with the Book-Entry Depository and held by the Custodian on behalf of the Book-Entry Depository.

In respect of Immobilised Bearer Global N&C Securities to be settled through Euroclear and/or Clearstream, Luxembourg ("**European Immobilised Bearer Global N&C Securities**" or "**Permanently Restricted Immobilised Bearer Global N&C Securities**", as the case may be) which are deposited with the Book-Entry Depository, the Book-Entry Depository will issue registered certificated depository interests ("**European CDIs**" or "**Permanently Restricted CDIs**", as the case may be) to a common depository for Euroclear and Clearstream, Luxembourg, or its nominee, and will record the European CDIs or Permanently Restricted CDIs, as the case may be, in the books and records of the Registrar in the name of the common depository or its nominee, as applicable. Ownership of interests in the European Immobilised Bearer Global N&C Securities or the Permanently Restricted Immobilised Bearer Global N&C Securities deposited with the Book-Entry Depository (the "**European Book-Entry Interests**" or "**Permanently Restricted Book-Entry Interests**", respectively) will be limited to persons with an account with Euroclear and/or Clearstream, Luxembourg or persons who may hold interests through such participants. European Book-Entry Interests will be shown on, and transfers thereof will be affected only through records maintained in book-entry form by Euroclear and/or Clearstream, Luxembourg and their participants.

In respect of Immobilised Bearer Global N&C Securities to be settled through DTC ("**U.S. Immobilised Bearer Global N&C Securities**") which are deposited with the Book-Entry Depository, the Book-Entry Depository will issue registered certificateless depository interests ("**U.S. CDIs**" and, together with European CDIs and Permanently Restricted CDIs, "**CDIs**") to the Depository Trust Company ("**DTC**") or its nominee Cede & Co. and will record the U.S. CDIs in the books and records of the Registrar in the name of Cede & Co. as nominee of DTC. For so long as DTC or its nominee is the registered owner or holder of interests in the U.S. Immobilised Bearer Global N&C Securities deposited with the Book-Entry Depository (the "**U.S. Book-Entry Interests**" and, together with the European Book-Entry Interests, the "**Book-Entry Interests**"), DTC or such nominee, as the case may be, will be considered the sole owner or holder of the U.S. Book-Entry Interests for all purposes under the Agency Agreement except to the extent that, in accordance with DTC's published rules and procedures, any ownership rights may be exercised by its participants or beneficial owners through participants.

Subject as set out below, the Book-Entry Interests will not be held in definitive form. Instead, DTC, Euroclear and/or Clearstream, Luxembourg (as applicable) will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Immobilised Bearer N&C Securities are in global form, holders of Book-Entry Interests will not be considered the owners or holders of such N&C Securities for any purpose.

Interests in an Immobilised Bearer Global N&C Security will be exchangeable (free of charge), in whole but not in part, for N&C Securities in definitive registered form without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means:

- (i) an Event of Default has occurred and is continuing;
- (ii) in the case of Immobilised Bearer N&C Securities registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the N&C Securities and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act;
- (iii) in the case of Immobilised Bearer N&C Securities registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that (x) either Euroclear or Clearstream, Luxembourg is unwilling or unable to continue to act as depository for the N&C Securities and no alternative clearing system is available or (y) both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available;

### ***Form of the Securities***

- (iv) the Book-Entry Depository is at any time unwilling or unable to continue as Book-Entry Depository in respect of any Immobilised Bearer N&C Securities or its appointment as such under the N&C Securities Depository Agreement is (or is to be) terminated and no successor is appointed by the Issuer within 90 days; or
- (v) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the N&C Securities represented by the Global N&C Security in definitive registered form.

The Issuer will promptly give notice to Securityholders in accordance with N&C Security Condition 14 (Notices) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Immobilised Bearer Global N&C Security) may give notice to the Registrar (or request that the Principal Paying Agent does so) requesting exchange and, in the event of the occurrence of an Exchange Event as described in (v) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

In such an event, the Issuer (or the Registrar on behalf of the Issuer) will exchange the Book-Entry Interests in the relevant Immobilised Bearer Global N&C Security for N&C Securities in definitive form, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC, Euroclear and/or Clearstream, Luxembourg, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and which may bear a restrictive legend unless such legending is not required by applicable law.

To the extent permitted by law, the Issuer, the Principal Paying Agent and the Registrar shall be entitled to treat the holder of any N&C Security as the absolute owner thereof.

#### **Transfer of Interests**

Pursuant to the N&C Securities Depository Agreement, the Immobilised Bearer Global N&C Securities may be transferred only to a successor to the relevant Book-Entry Depository.

Unless and until Book-Entry Interests are exchanged for N&C Securities in definitive registered form, the CDIs held by a nominee for DTC or for the common depository for Euroclear and Clearstream, Luxembourg may not be transferred except as a whole to a nominee or a successor approved by the Issuer.

Book-Entry Interests will be subject to certain restrictions on transfer and certification requirements, as described under "*Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions*".

All transfers of Book-Entry Interests between participants in DTC, participants in Euroclear or participants in Clearstream, Luxembourg will be effected by DTC, Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream, Luxembourg and their respective participants.

Subject to the foregoing, a Book-Entry Interest in one of the Immobilised Bearer Global N&C Securities may be transferred to a person who takes delivery thereof in the form of a Book-Entry Interest in another of the Immobilised Bearer Global N&C Securities (except for a Book-Entry Interest in a Permanently Restricted Global N&C Security) by means of an instruction originated through DTC, Euroclear or Clearstream, Luxembourg, as applicable. Any Book-Entry Interest that is so transferred will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Immobilised Bearer Global N&C Security and become a Book-Entry Interest in the other Immobilised Bearer Global N&C Security and will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Immobilised Bearer Global N&C Security for as long as it remains such a Book-Entry Interest. In connection with such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount at maturity of the first-mentioned Immobilised Bearer Global N&C Security and a corresponding increase in the principal amount at maturity of the other Immobilised Bearer Global N&C Security, as applicable. In addition, where a transfer of a Book-Entry Interest is made which requires the conversion of a U.S. Book-Entry Interest to a European Book-Entry Interest (or vice versa), appropriate adjustments will be made to reflect such conversion. A Book-Entry Interest in a Permanently Restricted Global N&C Security may not be transferred to a person who takes delivery thereof in the form of a Book-Entry Interest in any other of the Immobilised Bearer Global N&C Securities and *vice versa*. Accordingly, a Book-Entry Interest in a Permanently Restricted Global Immobilised Bearer N&C Security may not be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the

## ***Form of the Securities***

United States or to, or for the account or benefit of, a U.S. person, and any offer, sale, resale, trade, pledge, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Book-Entry Interests in an Immobilised Bearer Global N&C Security may be exchanged for N&C Securities in definitive registered form upon receipt by the Registrar of instructions from the Principal Paying Agent. It is expected that such instructions of the Principal Paying Agent will be based upon directions received by DTC, Euroclear or Clearstream, Luxembourg, as applicable, from the participant which owns the relevant Book-Entry Interests. N&C Securities in a definitive registered form issued in exchange for a Book-Entry Interest will, except as otherwise determined by the Issuer in compliance with applicable law, be subject to the restrictions described under "*Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions*" and will bear the legend referred to thereunder.

Immobilised Bearer N&C Securities are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See "*Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions*" and "*Subscription and Sale*".

### **General**

Pursuant to the Agency Agreement (as defined under the General Terms and Conditions of the N&C Securities), the Principal Paying Agent shall arrange that, where a further Tranche of N&C Securities is issued which is intended to form a single Series with an existing Tranche of N&C Securities at a point after the Issue Date of the further Tranche, the N&C Securities of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to N&C Securities of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of any applicable period that by law or regulation would require such N&C Securities of such Tranche not to be fungible.

Any reference herein to Euroclear, Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and the Principal Paying Agent or Registrar, as the case may be.

Any reference herein to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, except in relation to N&C Securities issued in NGN form, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Pricing Supplement.

Any reference herein to the common depositary, depositary or, as applicable, common safekeeper shall, whenever the context so permits, be deemed to include references to any successor common depositary, depositary or, as applicable, common safekeeper or any additional or alternative common depositary, depositary or, as applicable, common safekeeper as is approved by the Issuer, the Guarantor and the Principal Paying Agent and the Registrar.

Any reference herein to the nominee or, as applicable, common nominee shall, whenever the context so permits, be deemed to include references to any successor nominee or, as applicable, common nominee or any additional or alternative nominee or, as applicable, common nominee as is approved by the Issuer, the Guarantor, the Principal Paying Agent and the Registrar.

The Issuer and the Guarantor may agree with any Dealer that Securities may be issued in a form not contemplated by the General Terms and Conditions of the N&C Securities or General Terms and Conditions of the Warrants.

### **Form of the Warrants**

Each Series of Warrants will be in registered form and will be represented by a Permanent Global Warrant which will be deposited with a depositary (a "**Common Depositary**") on behalf of Euroclear and Clearstream, Luxembourg. Definitive Warrants will not be issued.

## *Use of Proceeds*

### **USE OF PROCEEDS**

The net proceeds from each issue of Securities will be applied by the Issuer for its general corporate purposes. If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

## ***Book-Entry Clearance Systems***

### **BOOK-ENTRY CLEARANCE SYSTEMS AND SETTLEMENT**

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "Clearance Systems") currently in effect. The information in this section concerning the Clearance Systems has been obtained from sources that the Issuer and the Guarantor believe to be reliable. The Issuer and the Guarantor accept responsibility for the information contained in this section. Each of the Issuer and the Guarantor confirms that the information contained in this section has been accurately reproduced as far as each of the Issuer and the Guarantor is aware and is able to ascertain from information published by the above sources, and that no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors wishing to use the facilities of any of the Clearance Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearance System. None of the Issuer, the Guarantor, the Dealers and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Securities held through the facilities of any Clearance System or for maintaining, supervising or reviewing any records or payments relating to such beneficial ownership interests.*

#### **Book-entry Systems**

##### *DTC*

DTC has advised the Issuer and the Guarantor that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants ("**Participants**") deposit with DTC. DTC also facilitates the post trade settlement among Participants of sales and other securities transactions in deposited securities through electronic computerised book-entry changes between Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations ("**Direct Participants**"). DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("**DTCC**"). DTC, in turn, is owned by a number of Direct Participants and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation ("**NSCC**", "**GSCC**", "**MBSCC**" and "**EMCC**", also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Direct or Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Rule 144A Global N&C Securities among Direct Participants on whose behalf it acts with respect to Securities accepted into DTC's book-entry settlement system ("**DTC Securities**", which term shall include, for the purposes of this "Book-Entry Clearance Systems" section, certificated depository interests and certificateless depository interests (together "**CDIs**") issued by the Book-Entry Depository in respect of Immobilised Bearer Global N&C Securities pursuant to the terms of the N&C Securities Depository Agreement) as described below and receives and transmits distributions of principal and interest on DTC Securities. The Rules are on file with the United States Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Securities ("**Owners**") have accounts with respect to the DTC Securities are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Securities through Direct Participants or Indirect Participants will not possess Rule 144A Global N&C Securities, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants can receive payments and transfer their interest with respect to the DTC Securities.

Purchases of DTC Securities under the DTC System must be made by or through Direct Participants, which will receive a credit for the DTC Securities on DTC's records. The ownership interest of each actual purchaser of each DTC Security ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction,

## ***Book-Entry Clearance Systems***

as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Securities, except in the event that use of the book-entry system for the DTC Securities is discontinued.

To facilitate subsequent transfers, all DTC Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Securities with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings of DTC Securities on behalf of their customers.

Delivery of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Securities of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series to be redeemed.

Neither DTC nor Cede & Co. nor such other nominee will consent or vote with respect to DTC Securities. Under its usual procedures, DTC will mail an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Securities are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Securities will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct or Indirect Participant and not of DTC or its nominee or the Issuer or the Guarantor, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC is the responsibility of the Issuer or the Guarantor, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants. Neither the Issuer nor the Guarantor accept any responsibility or liability for any such payments to be made by DTC or by Direct or Indirect Participants.

### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

### **Book-entry Ownership of and Payments in respect of DTC Securities**

Subject as set out below in respect of Immobilised Bearer Global N&C Securities, if a Rule 144A Global N&C Security is to be registered in the name of a nominee of DTC, the Issuer will apply to DTC in order to have each Tranche of Securities represented by

## ***Book-Entry Clearance Systems***

Rule 144A Global N&C Securities accepted in its book-entry settlement system. Upon the issue of any Rule 144A Global N&C Securities, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts or number of the individual beneficial interests represented by such Rule 144A Global N&C Securities to the accounts of DTC Participants. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in a Rule 144A Global N&C Security will be held through Direct Participants or Indirect Participants of DTC, including the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Rule 144A Global N&C Security will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

### **Immobilised Bearer Global N&C Securities**

Payments of any amounts owing in respect of Immobilised Bearer Global N&C Securities (including principal and interest, if any) will be made by the Issuer in the Specified Currency to the relevant Paying Agent. The relevant Paying Agent will, in turn, make such payments to or to the order of the Book-Entry Depository in its capacity as bearer of the relevant Immobilised Bearer Global N&C Securities. Upon receipt of such amounts, the Book-Entry Depository will pay the amounts so received to DTC or the common depository for Euroclear and Clearstream, Luxembourg, as applicable, which will distribute payments to participants in accordance with their procedures, as detailed above.

The Issuer will treat the bearer of the Immobilised Bearer Global N&C Securities as the owner thereof for the purposes of receiving payments and for all other purposes. None of the Issuer, the Book-Entry Depository or any agent of the Issuer has or will have any responsibility or liability for:

- (a) any aspect of the records of DTC, Euroclear, Clearstream, Luxembourg or any direct or indirect participant relating to, or payments made on account of, a Book-Entry Interest in any Immobilised Bearer Global N&C Securities or for maintaining, supervising or reviewing any of the records of DTC, Euroclear, Clearstream, Luxembourg or any direct or indirect participant relating to, or payments made on account of, a Book-Entry Interest in any Immobilised Bearer Global N&C Securities; or
- (b) DTC, Euroclear, Clearstream, Luxembourg or any direct or indirect participant.

### **Transfers of Securities Represented by Global Securities**

Transfers of any interests in Securities represented by a Global Security or a CDI within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearance System and, in the case of CDIs, in accordance with the provisions of the N&C Securities Depository Agreement. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Securities represented by a Global Security or a CDI to such persons may depend upon the ability to exchange such Securities for Securities in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Securities represented by a Global Security or a CDI to pledge such Securities to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Securities may depend upon the ability to exchange such Securities for Securities in definitive form. The ability of any holder of Securities represented by a Global Security to resell, pledge or otherwise transfer such Securities may be impaired if the proposed transferee of such Securities is not eligible to hold such Securities through a Direct or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Rule 144A Global N&C Securities described under "*Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions*" and "*Subscription and Sale*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant Clearance System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ("**Custodian**") with whom the relevant Bearer Global N&C Securities have been deposited.

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



## ***Book-Entry Clearance Systems***

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC Participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Bearer Global Securities will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of crossmarket transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a delivery free of payment basis and arrangements for payment must be made separately.

DTC, Euroclear and Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Securities in bearer form among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Euroclear or Clearstream, Luxembourg or their respective Direct or Indirect Participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Securities represented by Global Securities in bearer form or for maintaining, supervising or reviewing any records relating to such beneficial interests.

The Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

### **Euroclear UK & Ireland Limited**

Following their delivery into a clearing system, interests in N&C Securities may be delivered, held and settled in Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) ("**CREST**") by means of the creation of dematerialised depository Interests ("**CREST Depository Interests**") representing the interests in the relevant N&C Securities ("**Underlying Securities**"). The CREST Depository Interests will be issued by CREST Depository Limited or any successor thereto (the "**CREST Depository**") to holders of the CREST Depository Interests and will be constituted and governed by English law. CREST International Nominees Limited or another entity appointed to act as nominee in accordance with the CREST Deed Poll (the "**CREST Nominee**") will hold the legal title to the Underlying Securities and the direct enforcement right in respect of the Underlying Securities.

The CREST Depository Interests will represent indirect interests in the interest of the CREST Nominee in the Underlying Securities. Pursuant to the CREST Manual (as defined below), N&C Securities held in global form by the Common Depository may be settled through CREST, and the CREST Depository will issue CREST Depository Interests. The CREST Depository Interests will be independent securities which may be held and transferred through CREST.

Interests in the Underlying Securities will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CREST Depository Interests to the relevant CREST participants.

Each CREST Depository Interest will be treated by the CREST Depository as if it were one Underlying Security, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to holders of CREST Depository Interests any interest or other amounts received by it as holder of the Underlying Securities on trust for such holder. Holders of CREST Depository Interests will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Securities and other relevant notices issued by the Issuer or the Guarantor (as the case may be).

Transfers of interests in Underlying Securities by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CREST Depository Interests and transfer of an interest in such N&C Securities underlying the CREST Depository Interests to the account of the relevant participant with Euroclear or Clearstream, Luxembourg. The CREST Depository Interests will have the same ISIN as the ISIN of the Underlying Securities and will not require a separate admission to the Official List of the Irish Stock Exchange or the Luxembourg Stock Exchange.

Holders of CREST Depository Interests are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the holder of CREST Depository Interests will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll executed by the

### ***Book-Entry Clearance Systems***

CREST Depository. These rights may be different from those of holders of N&C Securities which are not represented by CREST Depository Interests.

If issued, CREST Depository Interests will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the "**CREST International Settlement Links Service**"). The settlement of the CREST Depository Interests by means of the CREST International Settlement Links Service has the following consequences for holders of CREST Depository Interests:

- (i) holders of CREST Depository Interests will not be the legal owners of the Underlying Securities. The CREST Depository Interests are separate legal instruments from the Underlying Securities to which they relate and represent an indirect interest in such Underlying Securities;
- (ii) the Underlying Securities themselves (as distinct from the CREST Depository Interests representing indirect interests in such Underlying Securities) will be held in an account with a custodian. The custodian will hold the Underlying Securities through a clearing system. Rights in the Underlying Securities will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Underlying Securities or to interests in the Underlying Securities will depend on the rules of the clearing system in or through which the Underlying Securities are held;
- (iii) rights under the Underlying Securities cannot be enforced by holders of CREST Depository Interests except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the Underlying Securities will therefore be subject to the local law of the relevant intermediary. The rights of holders of CREST Depository Interests to the Underlying Securities are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Securities. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Securities in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries;
- (iv) the CREST Depository Interests issued to holders of CREST Depository Interests will be constituted and issued pursuant to the CREST Deed Poll. Holders of CREST Depository Interests will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the "**CREST Manual**") and the CREST Rules (the "**CREST Rules**") (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and such holders must comply in full with all obligations imposed on them by such provisions;
- (v) the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by holders of CREST Depository Interests and limitations on the liability of the issuer of the CREST Depository Interests, the CREST Depository;
- (vi) holders of CREST Depository Interests may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of holders is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI);
- (vii) holders of CREST Depository Interests may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the N&C Securities through the CREST International Settlement Links Service;

***Book-Entry Clearance Systems***

- (viii) neither the Issuer, the Guarantor, the Dealer nor any Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations; and
  
- (ix) N&C Securities issued in temporary global form exchangeable for a Permanent Global Bearer N&C Security will not be eligible for CREST settlement as CREST Depository Interests. As such, investors investing in the Underlying Securities through CREST Depository Interests will only receive the CREST Depository Interests after such Temporary Bearer Global N&C Security is exchanged for a Permanent Bearer Global N&C Security, which could take up to 40 days after the issue of the N&C Securities.

## ***Taxation***

### **TAXATION**

#### **1. United Kingdom Taxation**

*The following applies only to persons who are the beneficial owners of Securities and is a summary of the Issuer's understanding of current law and published HM Revenue and Customs ("HMRC") practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of the N&C Securities and certain aspects of United Kingdom taxation in respect of the Warrants. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the N&C Securities. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Securityholders depends on their individual circumstances and may be subject to change in the future. The precise tax treatment of a Securityholder in respect of a Warrant will also depend for each issue on the terms of the Warrant, as specified in the Terms and Conditions of the Warrant as amended and supplemented by the applicable Pricing Supplement. Prospective Securityholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.*

#### **Payment of Interest on the N&C Securities**

##### ***Withholding on account of United Kingdom tax***

The Issuer, provided that it continues to be a bank for the purposes of section 991 of the Income Tax Act 2007 ("**ITA 2007**") and provided that the interest on the N&C Securities is paid in the ordinary course of its business within the meaning of section 878 of ITA 2007, will be entitled to make payments of interest without withholding or deduction for or on account of United Kingdom income tax.

Payments of interest on the N&C Securities may be made without deduction of or withholding on account of United Kingdom income tax provided that the N&C Securities continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of ITA 2007. The Irish Stock Exchange is a recognised stock exchange. N&C Securities will be treated as listed on the Irish Stock Exchange if they are admitted to the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market of the Irish Stock Exchange. The Luxembourg Stock Exchange is a recognised stock exchange. N&C Securities will be treated as listed on the Luxembourg Stock Exchange if they are included in the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market. Provided, therefore, that the N&C Securities remain so listed, interest on the N&C Securities will be payable without withholding or deduction on account of United Kingdom tax whether or not the Issuer carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

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

Interest on the N&C Securities may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the N&C Securities is less than 365 days and these N&C Securities do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the N&C Securities on account of United Kingdom income tax at the basic rate (currently 20.00 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a holder of an N&C Security, HMRC can issue a notice to the Issuer to pay interest to the holder of an N&C Security without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

## *Taxation*

### **Payments in respect of the Warrants**

#### *Withholding on account of United Kingdom tax*

Payments made on the exercise of Warrants may be made without deduction or withholding on account of United Kingdom income tax where such payments are not regarded as interest for United Kingdom tax purposes.

Even if such payments were to be regarded as interest for United Kingdom tax purposes, payments made by the Issuer on the exercise of Warrants issued by the Issuer may be made without deduction or withholding on account of United Kingdom income tax, provided that the Issuer continues to be a bank within the meaning of section 991 of ITA 2007, and provided that any such interest is paid in the ordinary course of its business as discussed above.

Furthermore, the Issuer should not be required to deduct sums for or on account of United Kingdom income tax from payments made on the exercise of Warrants issued by the Issuer which are derivative contracts, the profits and losses arising from which are calculated in accordance with the provisions of Part 7 of the Corporation Tax Act 2009.

#### *Taxation of Profits and Gains of United Kingdom resident individuals*

##### *Capital gains tax*

Gains arising to an individual as a result of acquiring then exercising or otherwise disposing of a "qualifying option" are generally charged to tax under the capital gains tax rules in the Taxation of Chargeable Gains Act 1992 ("**TCGA 1992**"). Options which are listed on a recognised stock exchange at the time of disposal are qualifying options. The Warrants will satisfy this listing requirement if they are at the time of disposal admitted either to the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market of the Irish Stock Exchange or included in the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market.

Provided, therefore, that the Warrants are options and remain so listed, an individual holding such a Warrant (a "**Qualifying Warrant**") should be charged to tax on any gain made on the disposal of the Qualifying Warrant under the capital gains tax rules in TCGA 1992, described below. This means that such a Warrantholder should, on the disposal of a Qualifying Warrant, be entitled to make a tax-free gain in any tax year equal to the annual exempt amount (which is £11,000 for the tax year 2014-2015), assuming the annual exemption has not been utilised in relation to another gain in the same year.

The base cost of a Qualifying Warrant for capital gains tax purposes will generally be calculated by reference to the amount paid for a Qualifying Warrant by a Warrantholder. Accordingly, on the disposal of a Qualifying Warrant by sale, a Warrantholder should, subject to the availability of the annual exempt amount (see above), be charged to capital gains tax on the chargeable gain arising on the disposal (calculated by comparing the amount received on disposal with the base cost).

In the case of a Physical Delivery Warrant, the acquisition of the Qualifying Warrant and the acquisition of a new asset on the exercise of such a Qualifying Warrant is treated as a single transaction for capital gains tax purposes, so that, the base cost of the new asset is calculated by reference to the amount paid for the Qualifying Warrant plus the amount paid for the new asset. The exercise of such a Qualifying Warrant is not treated as a disposal of the Warrant. Accordingly, no charge to capital gains tax will arise on the exercise of such a Qualifying Warrant. However, a disposal of the new asset acquired on the exercise of a Warrant may give rise to a charge to capital gains tax, if a gain arises on that disposal.

In the case of a Cash Settled Warrant, the exercise of the Qualifying Warrant will be treated as a disposal. The cash amount received on the exercise will be treated as the consideration for the disposal. The amount paid for a Qualifying Warrant will be treated as the base cost for the purposes of calculating any capital gain arising on the exercise of the Qualifying Warrant.

Warrants that are not Qualifying Warrants for example because they are not options for tax purposes may be taxed in a different way to Qualifying Warrants.

## ***Taxation***

### *Warrants producing a return economically equivalent to interest*

Any Warrant which produces a return that is economically equivalent to interest would not be taxed in accordance with the rules described above. The return arising from such a Warrant would be charged to income tax under Chapter 2A of Part 4 of the Income Tax (Trading and Other Income) Act 2005, without the benefit of the annual exempt amount.

### *Individual Savings Accounts ("ISAs"), Self-invested Personal Pensions ("SIPPs") and Small Self-administered Schemes ("SSASs")*

Warrants will not qualify for inclusion within an ISA.

The Warrants should generally be capable of being held within a SIPP or a SSAS that is a registered pension scheme. However, Warrantholders should obtain independent advice in relation to the tax treatment of Warrants held within such a SIPP or SSAS.

### ***Taxation of Profits and Gains of United Kingdom resident companies***

Part 7 of the Corporation Tax Act 2009 applies to "derivative contracts" of United Kingdom resident companies and of United Kingdom permanent establishments of non-UK resident companies. Subject to certain exceptions, where Part 7 applies to a contract, all income, profits and gains will generally be taxed on an income basis (whether they arise from acquiring, holding, disposing or exercising rights under the contract) consistently with the way those profits are recognised in accordance with United Kingdom generally accepted accounting practice or international financial reporting standards. Accordingly, any income, profit or gains in relation to Warrants which fall within the derivative contracts tax regime in Part 7 will generally be charged to tax as income.

Warrants which are not treated as derivative contracts and which are not taxed on an income basis should generally be taxed in accordance with the capital gains rules set out above under the heading "Capital gains tax" except that companies do not benefit from an annual exemption. United Kingdom companies may be entitled to an indexation allowance on the disposal of a Warrant.

### **Stamp Duty and Stamp Duty Reserve Tax ("SDRT") in respect of the Securities**

A charge to stamp duty or SDRT may, in certain circumstances, arise on the issue, transfer and/or settlement of Securities and SDRT may also be payable in relation to any agreement to transfer Securities. This will depend upon the Terms and Conditions of the relevant Securities (as amended and supplemented by the applicable Pricing Supplement). Securityholders should take their own advice from an appropriately qualified professional adviser in this regard.

### **Reporting of information in respect of the Securities**

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

HMRC has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2014.

## ***Taxation***

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

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (which has been implemented into UK law) 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 such period they elect otherwise) to impose 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). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

## **2. Luxembourg Taxation**

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.*

### **Withholding Tax**

#### **(i) Non-resident holders of Securities**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended (the "**Savings Laws**"), there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Securities, nor on accrued but unpaid interest in respect of the Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Securities held by non-resident holders of Securities.

Under the Savings Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "**Savings Directive**") and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity (within the meaning of the Savings Laws) resident in, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent Luxembourg fiscal authority in order for such information to be communicated to the competent tax authorities of the beneficiary's country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Savings Laws will be subject to a withholding tax at a rate of 35%.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive.

## ***Taxation***

### **(ii) Resident holders of Securities**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Relibi Law**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by Luxembourg resident holders of Securities.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the Savings Laws) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 10%.

### **3. Spanish Taxation**

*The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Spain, though it is not intended to be, nor should it be construed to be, legal or tax advice. This section does not constitute a complete description of all the tax issues that may be relevant in making the decision to invest in the Securities or of all the tax consequences that may derive from the subscription, acquisition, holding, transfer, redemption or reimbursement of the Securities and does not purport to describe the tax consequences applicable to categories of investors subject to special tax rules. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, regional or local law in Spain, to which they may be subject.*

#### **Individuals with Tax Residence in Spain**

##### ***N&C Securities***

##### ***Personal Income Tax***

Personal Income Tax is levied on an annual basis on the worldwide income obtained by Spanish resident individuals, whatever the source is and wherever the relevant payer is established. Therefore any income that Spanish N&C Securityholders may receive under the N&C Securities will be subject to Spanish taxation.

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the N&C Securities obtained by individuals who are tax resident in Spain will be regarded as financial income for tax purposes (i.e. a return on investment derived from the transfer of own capital to third parties).

Both types of income will be included in the savings part of the taxable income subject to Personal Income Tax and will be generally taxed at the following tax rates: (i) financial income up to EUR 6,000 will be taxed at a rate of 19 per cent.; and (ii) the excess over such threshold will be subject to a tax rate of 21 per cent.

However, exceptionally during the tax period 2014, subject to any additional amendments that may be eventually established by Spanish legislation, the savings part of the taxable income will be taxed at the following three tax rates: (i) financial income up to EUR 6,000 at a rate of 21 per cent.; (ii) financial income from EUR 6,001 to EUR 24,000 at a rate of 25 per cent.; and (iii) any excess over EUR 24,000 at a rate of 27 per cent.

Spanish N&C Securityholders shall compute the gross interest obtained in the savings part of the taxable base of the tax period in which it is due, including amounts withheld, if any.

Income arising on the disposal, redemption or reimbursement of the N&C Securities will be calculated as the difference between: (a) their disposal, redemption or reimbursement value; and (b) their acquisition or subscription value. Costs and expenses effectively borne by the N&C Securityholder on the acquisition and transfer of the N&C Securities may be taken into account for calculating the relevant taxable income, provided that they can be duly justified.



## ***Taxation***

Likewise, expenses relating to the management and deposit of the N&C Securities, if any, will be tax-deductible, excluding those pertaining to discretionary or individual portfolio management.

Losses that may derive from the transfer of the N&C Securities cannot be offset if the investor acquires homogeneous securities within the two-month period prior or subsequent to the transfer of the N&C Securities, until he/she transfers such homogeneous securities.

Additionally, tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the N&C Securities, if any.

### ***Wealth Tax***

Individuals with tax residence in Spain are subject to an annual Wealth Tax each 31 December which is levied on their total net wealth, regardless of the location of their assets (such as the N&C Securities) or of where their rights may be exercised.

Wealth Tax has been temporarily restored for the tax period 2014. General marginal tax rates currently range between 0.2 and 2.5 per cent., although the tax situation may vary depending on any applicable regional tax laws and some reductions could apply. N&C Securityholders with tax residence in Spain who are under the obligation to pay Wealth Tax must take into account the value of the N&C Securities which they hold as at 31 December each year, when calculating their Wealth Tax liabilities.

### ***Inheritance and Gift Tax***

Inheritance and Gift Tax is levied on the transfer of N&C Securities upon death or by gift to Spanish tax resident individuals, with the taxpayer being the transferee (i.e. heirs and donees). It is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. General tax rates currently range between 7.65 and 34 per cent. depending on the particular circumstances, although the final tax payable may increase up to 81.6 per cent. This is nevertheless subject to the specific rules passed by the relevant Spanish regions with respect to this tax.

### ***Warrants***

#### ***Personal Income Tax***

The premium or amount paid for the subscription of the Warrants would not be considered as a deductible expense, but as the acquisition value, which would include the expenses and commissions, inherent to the acquisition, paid by the acquirer.

Income obtained by the Warrantholders on the transfer of the Warrants before the expiration date, will be considered as capital gains or losses in accordance with the provisions of the Spanish Personal Income Tax Law. The gain or loss shall be calculated as the difference between the transfer value, once any expenses and commissions paid by the taxpayer have been deducted, and the acquisition value, as defined above.

Upon the exercise of the Warrants, income obtained would be considered as a capital gain or loss, which will be calculated as the difference between (i) the value of the cash and/or the market value of the physical amount(s) due in respect of the relevant Warrants once any expenses and commissions paid by the taxpayer have been deducted; and (ii) the acquisition value, as defined above.

Failure to exercise any Warrants on the expiration date would give rise to a capital loss on the acquisition value.

Income derived from the transfer or exercise of the Warrants will be included in the savings part of the taxable income subject to Personal Income Tax in the following manner:

- (a) Short-term capital gains, which comprise capital gains and losses arising from the transfer or exercise of the Warrants acquired within the one-year period prior to the transfer or exercise date, will be included in the general part of the taxable base subject to Personal Income Tax.

The general part of the taxable base is subject to progressive rates, which currently range between 24.75 and 56 per cent. Progressive rates vary depending on the region where the Warrantholders reside.

## ***Taxation***

- (b) Long-term capital gains, which comprise capital gains and losses arising from the transfer or exercise of the Warrants which are held for a period exceeding one year, will be included in the savings part of the taxable base subject to Personal Income Tax.

The savings part of the taxable base will be generally taxed at the following tax rates: (i) financial income up to EUR 6,000 will be taxed at a rate of 19 per cent.; and (ii) the excess over such threshold will be subject to a tax rate of 21 per cent. However exceptionally during the tax period 2014, subject to any additional amendments that may be eventually established by Spanish legislation, the savings part of the taxable income will be taxed at the following three tax rates: (i) financial income up to EUR 6,000 at the rate of 21 per cent.; (ii) financial income from EUR 6,001 up to EUR 24,000 at the rate of 25 per cent.; and (iii) any excess over EUR 24,000 at the rate of 27 per cent.

### ***Wealth Tax***

Individuals with tax residence in Spain are subject to an annual Wealth Tax each 31 December which is levied on their total net wealth, regardless of the location of their assets (such as the Warrants) or of where their rights may be exercised.

Wealth Tax has been temporarily restored for the tax period 2014. General marginal tax rates currently range between 0.2 and 2.5 per cent., although the tax situation may vary depending on any applicable regional tax laws and some reductions could apply. Warrant holders with tax residence in Spain who are under the obligation to pay Wealth Tax must take into account the value of the Warrants which they hold as at 31 December each year, when calculating their Wealth Tax liabilities.

### ***Inheritance and Gift Tax***

Inheritance and Gift Tax is levied on the transfer of the Warrants upon death or by gift to Spanish tax resident individuals, with the taxpayer being the transferee (i.e. heirs and donees). It is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. General tax rates currently range between 7.65 and 34 per cent. depending on the particular circumstances, although the final tax payable may increase up to 81.6 per cent. This is nevertheless subject to the specific rules passed by the relevant Spanish regions with respect to this tax.

## **Legal Entities with Tax Residence in Spain**

### ***N&C Securities***

#### ***Corporate Income Tax***

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the N&C Securities obtained by entities which are resident for tax purposes in Spain shall be computed as taxable income of the tax period in which they accrue.

The general tax rate is currently 30 per cent. However, small sized companies (those companies whose net business income is lower than EUR 10,000,000) can benefit from the reduced tax rate of 25 per cent. on the first EUR 300,000 of their taxable profits. In addition to this, during the tax period commencing in 2013 and 2014, companies with a net business income lower than EUR 5,000,000 and an average staff lower than 25 employees could benefit from the reduced rate of 20 per cent. on the first EUR 300,000 of their taxable profits, the rest of the taxable profits being subject to a tax rate of 25 per cent. Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions).

Tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the N&C Securities, if any.

### ***Warrants***

#### ***Corporate Income Tax***

As a general rule, income obtained either through the transfer or the exercise of the Warrants and obtained by taxpayers subject to Corporate Income Tax will be included in their taxable income under the general provisions described for the N&C Securities.

## *Taxation*

### **Individuals and Legal Entities with no Tax Residence in Spain**

#### *N&C Securities*

A non-resident N&C Securityholder, who has a permanent establishment in Spain to which the N&C Securities are effectively connected with, is subject to Spanish Non-Resident Income Tax on any income under the N&C Securities, including both interest periodically received and income arising on the disposal, redemption or reimbursement of the N&C Securities. In general terms, the tax rules applicable to individuals and legal entities with no tax residence in Spain but acting through a permanent establishment in Spain are the same as those applicable to Spanish tax resident Corporate Income Tax payers (see "*Corporate Income Tax*" above).

#### *Warrants*

As a general rule, income obtained by a permanent establishment located in Spain of a non-resident would be subject to taxation in a similar way to that applicable to Spanish tax resident Corporate Income Tax payers (see "*Corporate Income Tax*" above).

### **Spanish withholding tax**

Where a financial institution (either resident in Spain or acting through a permanent establishment in Spain) acts as depositary of the Securities or intervenes as manager in the collection of any income under the Securities, such financial institution will be responsible for making the relevant withholding on account of Spanish tax on any income deriving from the N&C Securities (income from the Warrants will not be subject to withholding tax in Spain). Generally the withholding tax rate in Spain is 19 per cent. However, in principle, subject to any additional amendments that may be eventually established by Spanish legislation, during the tax period 2014 the withholding tax rate applicable is 21 per cent.

Amounts withheld in Spain, if any, can be credited against the final Spanish Personal Income Tax liability, in the case of Spanish tax resident individual N&C Securityholders, or against the final Spanish Corporate Income Tax liability, in the case of Spanish corporate N&C Securityholders, or against the final Non-Resident Income Tax liability, in the case of a Spanish permanent establishment of a non-resident N&C Securityholder. However, N&C Securityholders who are Corporate Income Tax payers or Non-Resident Income Tax payers acting through a permanent establishment in Spain to which the N&C Securities are effectively connected can benefit from a withholding tax exemption when the N&C Securities are listed on an OECD official stock exchange. This would be the case as the N&C Securities are expected to trade on the Global Exchange Market of the Irish Stock Exchange and the Euro MTF Market of the Luxembourg Stock Exchange.

Furthermore, such financial institution may become obliged to comply with the formalities set out in the Regulations on Spanish Personal Income Tax (Royal Decree 439/2007, of 30 March) and Corporate Income Tax (Royal Decree 1777/2004, of 30 July) when intervening in the transfer or reimbursement of the N&C Securities.

### **Indirect taxation**

The acquisition, transfer, redemption, reimbursement and exchange of the Securities will be exempt from Transfer Tax and Stamp Duty as well as Value Added Tax.

## **4. U.S. Taxation**

### **U.S. FEDERAL INCOME TAXATION**

**TO ENSURE COMPLIANCE WITH U.S. INTERNAL REVENUE SERVICE (IRS) CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

## ***Taxation***

The following summary describes certain U.S. federal income tax considerations that may be relevant to a holder who purchases an N&C Security, but does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor in an N&C Security including tax considerations that arise from rules of general application to all taxpayers or to certain classes of investors or that are generally assumed to be known by investor. In particular, this summary deals only with "U.S. holders" of N&C Securities and addresses only those holders who purchase in the initial offering at the applicable issue price and in whose hands the N&C Securities, or the stock, debt, commodity or other property underlying the N&C Securities would be capital assets for U.S. federal income tax purposes. In addition, this discussion assumes that the N&C Securities that are treated as options for U.S. federal income tax purposes, when issued, are not significantly "in-the-money".

This summary also does not discuss the U.S. federal income tax treatment of a U.S. holder who is a member of a class of holders subject to special rules, such as a dealer in securities, commodities or derivative financial instruments, a trader in securities, commodities or derivative financial instruments that elects to use a mark-to-market method of accounting for securities or commodities holdings, a bank, a life insurance company, a tax-exempt organisation, entities that are treated for U.S. federal income tax purposes as partnerships or other pass-through entities, an investor who purchases an N&C Security with respect to stock in a company that is treated as a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes, an investor who purchases an N&C Security and holds any other position (whether long or short, direct or indirect) in any asset underlying such option, an investor who purchases an N&C Security that is part of a hedging transaction or that has been hedged against currency risk, an investor who purchases an N&C Security that is part of a straddle or conversion transaction for U.S. federal income tax purposes, an investor who purchases or sells N&C Securities as part of a wash sale for U.S. federal income tax purposes, and an investor whose functional currency for U.S. federal income tax purposes is not the U.S. dollar.

As a consequence of the foregoing, it should be particularly noted that this summary does not address the special tax considerations that apply to an investment in a combination of N&C Securities with respect to the same underlying assets. Further, this summary does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a holder of an N&C Security.

Any of the foregoing circumstances might substantially alter the tax consequences described below, and, in some instances, may require specific identification of positions in the relevant N&C Security before the close of the day on which they are acquired. For example, if the straddle rules were to apply, a U.S. holder of an N&C Security might be required to (i) recognise all or a portion of any gain on such N&C Security that would otherwise be long-term or short-term capital gain, as ordinary income or, if applicable, short-term capital gain, (ii) defer all, or a portion, of any loss realised upon the sale, exchange, exercise, cancellation or lapse of such N&C Security and (iii) capitalise any interest or carrying charges incurred by such U.S. holder with respect to such N&C Security.

Special tax rules apply to a U.S. person that invests in a debt instrument that is not in "registered form" (as specially defined for applicable U.S. federal income tax purposes). Accordingly, this summary does not address the U.S. federal income tax consequences of an investment by a U.S. holder in a N&C Security that is (or a component of which is) a Bearer N&C Security (other than an Immobilised Bearer N&C Security). U.S. holders should consult their tax advisors with regard to debt instruments that are not in registered form.

*This summary does not address the material U.S. federal income tax consequences of every type of N&C Security which may be issued under the Programme. Additional U.S. federal income tax consequences, if any, applicable to a particular N&C Security may be set forth in the applicable Pricing Supplement.*

**The rules governing the taxation of option transactions and derivative financial instruments are complex and depend on a taxpayer's particular circumstances. U.S. holders are strongly urged to consult their tax advisers concerning the U.S. federal, state, local, foreign and other national tax consequences of the ownership and disposition of N&C Securities in their particular circumstances. U.S. holders should also consult their tax advisers as to the possibility of changes of law affecting taxation of derivative financial instruments with contingent payments, including prepaid forward contracts. Prospective investors should consult their tax advisers regarding the U.S. federal, state, local and foreign tax consequences of acquiring, owning and disposing of the N&C Securities in light of such investor's own circumstances, including such investor's status as a U.S. holder or non-U.S. holder (as defined below), as well as any other estate, gift, or other tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.**

For purposes of this discussion, a "U.S. holder" means a beneficial owner of an N&C Security that is:

## ***Taxation***

- (i) a citizen or individual resident of the United States, as defined in Section 7701(b) of the Code,
- (ii) a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organised in or under the laws of the United States, any State thereof or the District of Columbia;
- (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source;
- (iv) a trust if (x) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust, or (y) such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person;
- (v) otherwise subject to U.S. federal income taxation on a net income basis in respect of the N&C Security.

If a partnership holds an N&C Security, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners in partnerships holding an N&C Security should consult their tax advisers regarding the U.S. federal income tax consequences of acquiring, owning, exchanging and disposing of the N&C Securities.

This summary is based upon the Internal Revenue Code of 1986 (the "**Code**"), existing and proposed regulations promulgated thereunder, and published rulings and court decisions, all as in effect and existing on the date of this Information Memorandum and all of which are subject to change at any time with retrospective or prospective effect.

### **Classification of the N&C Securities**

Depending on the terms of an N&C Security, such N&C Security could be treated as one or more of the following: (i) a prepaid forward contract (which, depending on the terms, may be subject to embedded options), (ii) a combination of a loan and a prepaid forward contract, (iii) an outright or constructive ownership interest in the property underlying such N&C Security, or (iv) a debt instrument with or without contingent payments. Additional U.S. federal income tax consequences applicable to a particular issuance of N&C Securities may be set forth in the applicable Pricing Supplement.

The Issuer generally intends to treat N&C Securities issued under the Programme as debt, but other tax treatment may be indicated in the applicable Pricing Supplement. No ruling is being requested from the IRS with respect to the N&C Securities, and the treatment of the N&C Securities described below is not binding on the IRS or the courts. As a result, significant aspects of the U.S. federal income tax consequences of an investment in the N&C Securities are uncertain and holders may be subject to a variety of U.S. tax consequences depending on the subject and the terms of the N&C Securities. *holders should consult their own advisers about the tax consequences of purchasing N&C Securities, particularly whether the N&C Securities being acquired could be treated as another type of financial instrument.*

### **Debt**

The following is a summary of the principal U.S. federal income tax consequences of the ownership of N&C Securities treated as debt for U.S. federal tax purposes.

#### *Payment of Interest*

Interest on an N&C Security, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars ("**foreign currency**" interest on a "**Foreign Currency Security**"), other than interest on a "**Discount Security**" that is not "qualified stated interest" (each as defined below under "Original Issue Discount — General"), will be taxable to a U.S. holder as ordinary income at the time it is received or accrued, depending on the U.S. holder's method of accounting for tax purposes. Interest paid by the Issuer on the N&C Securities and original issue discount ("**OID**"), if any, accrued with respect to the N&C Securities (as described below under "Original Issue Discount") generally will constitute income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a U.S. holder. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of any payment of foreign taxes in respect of the N&C Securities.

## ***Taxation***

### *Original Issue Discount*

#### *General*

The following is a summary of the principal U.S. federal income tax consequences of the ownership of N&C Securities issued with OID. The following summary does not discuss N&C Securities that are characterised as contingent payment debt instruments for U.S. federal income tax purposes (see "Contingent Payment Debt Instruments" below). *To the extent the Issuer determines that an N&C Security constitutes a "Contingent Payment Debt Instrument", a more detailed description of the tax considerations relevant to U.S. holders of a contingent debt obligations may be provided in the applicable Pricing Supplement.*

An N&C Security, other than an N&C Security with a term of one year or less, will generally be treated as issued with OID (a "**Discount Security**") if the excess of the N&C Security's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the N&C Security's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**instalment obligation**") will be treated as a Discount Security if the excess of the N&C Security's stated redemption price at maturity over its issue price is equal to or greater than 0.25% of the N&C Security's stated redemption price at maturity multiplied by the weighted average maturity of the N&C Security. An N&C Security's weighted average maturity is the sum of the following amounts determined for each payment on an N&C Security (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the N&C Security's stated redemption price at maturity. Generally, the issue price of an N&C Security will be the first price at which a substantial amount of N&C Securities included in the issue of which the N&C Security is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of an N&C Security is the total of all payments provided by the N&C Security that are not payments of "qualified stated interest." A qualified stated interest payment is generally any one of a series of stated interest payments on an N&C Security that are unconditionally payable at least annually at a single fixed rate, or a variable rate (as described below under "Variable Interest Rate Securities"), applied to the outstanding principal amount of the N&C Security. Solely for the purposes of determining whether an N&C Security has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the N&C Security, and the U.S. holder will be deemed to exercise any put option that has the effect of increasing the yield on the N&C Security. If an N&C Security has *de minimis* OID, a U.S. holder must include the *de minimis* amount in income as stated principal payments are made on the N&C Security, unless the U.S. holder makes an election to treat all interest as OID.

U.S. holders of Discount Securities must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Securities. The amount of OID includible in income by a U.S. holder of Discount Securities is the sum of the daily portions of OID with respect to the Discount Securities for each day during the taxable year or portion of the taxable year on which the U.S. holder holds the Discount Securities. The amount of OID allocable to an accrual period (and pro rata to every day in the accrual period) equals the excess of (a) the product of the Discount Security's adjusted issue price at the beginning of the accrual period and the Discount Security's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Discount Security allocable to the accrual period. The "adjusted issue price" of a Discount Security at the beginning of any accrual period is the issue price of the Discount Security increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Discount Security that were not qualified stated interest payments.

#### *Election to Treat All Interest as Original Issue Discount*

A U.S. holder may elect to include in gross income all interest that accrues on an N&C Security using the constant-yield method described above under "Original Issue Discount — General" with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount, as adjusted by any amortisable bond premium (described below under "*N&C Securities Purchased at a Premium*") or acquisition premium. If a U.S. holder makes this election for the N&C Security, then, when the constant-yield method is applied, the issue price of the N&C Security will equal its cost, the issue date of the N&C Security will be the date of acquisition, and no payments on the N&C Security will be treated as payments of qualified stated interest. This election will generally apply only to the N&C Security with respect to which it is made and may not be revoked without the consent of the IRS. However, if the N&C Security has amortisable bond premium, the U.S.

## ***Taxation***

holder will be deemed to have made an election to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter.

### *Variable Interest Rate Securities*

Some of the N&C Securities that provide for interest at variable rates ("**Variable Interest Rate Securities**") will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under Treasury Regulations governing accrual of OID. A Variable Interest Rate Security will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Security by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at current values of (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A "qualified floating rate" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Security is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35, whether or not a variable rate is increased or decreased by a fixed rate. A variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the N&C Security.

An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer).

A qualified inverse floating rate is any objective rate which is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate – the value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than 1 year following that first day.

A Variable Interest Rate Security that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Security is issued at a "true discount" (i.e., at a price below the N&C Security's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Security arising from true discount is allocated to an accrual period using the constant yield method described above.

In general, any other Variable Interest Rate Security that qualifies as a "variable rate debt instrument" will be converted into an equivalent fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Security. Such a Variable Interest Rate Security must be converted into an equivalent fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Security with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Security's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Security is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Security. In the case of a Variable Interest Rate Security that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Security provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Security as of the Variable Interest Rate Security's issue date is approximately the same as the fair market value of an

## ***Taxation***

otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Security is converted into an equivalent fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Security is converted into an equivalent fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the equivalent fixed rate debt instrument by applying the general OID rules to the equivalent fixed rate debt instrument and a U.S. holder of the Variable Interest Rate Security will account for the OID and qualified stated interest as if the U.S. holder held the equivalent fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the equivalent fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Security during the accrual period.

If a Variable Interest Rate Security, such as an N&C Security the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Security will be treated as a contingent payment debt instrument. Prospective purchasers should consult with their own tax advisers concerning the proper U.S. federal income tax treatment of Variable Interest Rate Securities that are treated as contingent payment debt.

### *Short-Term N&C Securities*

In the case of an N&C Security with a term of one year or less (a "**short-term security**"), the OID rules treat none of the interest payable as qualified stated interest and all of the interest will be included in the N&C Security's stated redemption price at maturity. Thus, all short-term securities will have OID.

In general, an individual or other cash basis U.S. holder of a short-term security is not required to accrue OID for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). In the case of a U.S. holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the short-term security will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. holders who are not required to accrue OID (and do not elect to accrue OID) on short-term securities will be required to defer deductions for interest on borrowings allocable to such securities (in an amount not exceeding the deferred income) until the securities mature or are disposed of in a taxable transaction. Accrual basis U.S. holders and certain other U.S. holders are required to accrue OID on short-term securities with a term of one year or less on a straight-line basis or, if the U.S. holder so elects, under the constant-yield method (based on daily compounding).

### *N&C Securities Purchased at a Premium*

A U.S. holder that purchases an N&C Security for an amount in excess of its principal amount, or for a Discount Security, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. holder's income each year with respect to interest on the N&C Security will be reduced by the amount of amortisable bond premium allocable (based on the N&C Security's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder, and is irrevocable without the consent of the IRS. A U.S. holder that does not elect to take bond premium into account currently will recognise a capital loss when the N&C Security matures.

### *Purchase, Sale and Retirement of N&C Securities*

A U.S. holder's tax basis in an N&C Security will generally be its cost, increased by the amount of any OID included in the U.S. holder's income with respect to the N&C Security and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the N&C Security.

A U.S. holder will generally recognise gain or loss on the sale, exchange, retirement or other taxable disposition of an N&C Security equal to the difference between the amount realised on the disposition and the U.S. holder's adjusted tax basis in the N&C Security. Except to the extent described above under "*Original Issue Discount—Short-Term N&C Securities*" or attributable to accrued but



## ***Taxation***

unpaid interest or changes in exchange rates, gain or loss recognised on the sale or retirement of an N&C Security will be capital gain or loss.

### ***Foreign Currency Securities***

#### ***Interest***

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. holder, the part of the period within the taxable year).

Under the second method, the U.S. holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of an N&C Security) denominated in, or determined by reference to, a foreign currency, the U.S. holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### ***OID***

OID for each accrual period on a Discount Security that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. holder, as described above under "*Foreign Currency Securities—Interest*". Upon receipt of an amount attributable to OID (whether in connection with a payment on the N&C Security or a sale of the N&C Security), a U.S. holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### ***Bond Premium***

Bond premium on an N&C Security that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency.

On the date bond premium offsets interest income, a U.S. holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the N&C Securities were acquired by the U.S. holder.

#### ***Purchase, Sale and Retirement of Foreign Currency Securities***

As discussed above under "*Purchase, Sale and Retirement of N&C Securities*", a U.S. holder will generally recognise gain or loss on the sale or retirement of an N&C Security equal to the difference between the amount realised on the sale or retirement and its tax basis in the N&C Security. A U.S. holder's tax basis in a Foreign Currency Security will be determined by reference to the U.S.

## ***Taxation***

dollar cost of the N&C Security. The U.S. dollar cost of an N&C Security purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of N&C Securities traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. holder (or an accrual basis U.S. holder that so elects), on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of N&C Securities traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. holder (or an accrual basis U.S. holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of an N&C Security equal to the difference, if any between the U.S. dollar values of the U.S. holder's purchase price for the N&C Security (or, if less, the principal amount of the N&C Security) (i) on the date of sale or retirement and (ii) the date on which the U.S. holder acquired the N&C Security. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement.

### *Disposition of Foreign Currency*

Foreign currency received as interest on an N&C Security or on the sale or retirement of an N&C Security will generally have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or retirement. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase N&C Securities or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

### *Substitution of Issuer*

The terms of the N&C Securities provide that, in certain circumstances, the obligations of the Issuer under the N&C Securities may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of N&C Securities by a U.S. holder in exchange for new N&C Securities issued by the new obligor. As a result of this deemed disposition, a U.S. holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new N&C Securities (as determined for U.S. federal income tax purposes), and the U.S. holder's tax basis in the N&C Securities. U.S. holders should consult their tax advisors concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the N&C Securities.

## **Other Treatments**

### *Tax Treatment of Prepaid Forward Contracts (With or Without a Loan)*

If any N&C Securities are treated as prepaid forward contracts (with or without a loan) for U.S. federal income tax purposes, the following description should apply to such N&C Securities.

#### *Interest Payments*

Payments of interest (if any) will be taxable to a U.S. holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. holder's regular method of tax accounting).

#### *Physical Settlement*

If the N&C Securities are treated as (prepaid) forward contracts, a U.S. holder who receives underlying stock or debt pursuant to the settlement of an N&C Security that the U.S. holder has purchased will generally not recognise gain or loss on such settlement. The U.S. holder will generally be treated as acquiring the property underlying the N&C Security, as of the date of settlement, in exchange for the amount that it paid to acquire the N&C Securities.

## ***Taxation***

### *Cash Settlement, Sale, or Other Disposition of the N&C Securities*

If the N&C Securities are treated in whole or in part as prepaid forward contracts, upon the receipt of cash upon settlement of an N&C Security or upon the sale or other disposition of such N&C Security, a U.S. holder generally will recognise taxable gain or loss equal to the difference between the amount realised (generally, the amount of cash received) and such U.S. holder's tax basis in the N&C Security. In general, a U.S. holder's tax basis in an N&C Security will equal the amount that such U.S. holder paid to acquire the N&C Security. Subject to the discussion below under "*Constructive Ownership*," any such gain or loss generally will be long-term capital gain or loss if the N&C Security was held for more than one year at the time of settlement or at the time of sale or other disposition.

### *Constructive Ownership*

Some or all of the net long-term capital gain arising from certain "constructive ownership" transactions may be characterised as ordinary income, in which case an interest charge would be imposed on any such ordinary income. These rules have no immediate application to forward contracts in respect of most property underlying the N&C Securities, because they are only applicable to the extent that the underlying property directly or indirectly includes shares of issuers treated as PFICs or as certain other "pass-through" entities. These rules, however, grant discretionary authority to the U.S. Treasury Department (the "**Treasury**") to expand the scope of "constructive ownership" transactions to include forward contracts in respect of the stock of all corporations, in addition to forward contracts in respect of any debt instrument. The rules also separately direct the Treasury to promulgate regulations excluding a forward contract that does not convey "substantially all" of the economic return on any underlying asset from the scope of "constructive ownership" transactions. It is not possible to predict whether such regulations will be promulgated by the Treasury, or the form or effective date that any regulations that may be promulgated might take.

### *Interest in the Underlying Property*

Depending on the terms of particular N&C Securities, a U.S. holder could be treated as owning the property underlying those N&C Securities for U.S. federal income tax purposes. In that event, for example, in the case of Equity Index/ETF Linked Securities, the U.S. holder would be required to recognise appropriate amounts of capital gain on the disposition of any shares included in the underlying index each time that the particular index is rebalanced. In such a case, such U.S. holder also would be subject to tax on dividends on shares included in the Index in an amount equal to the gross dividends paid by the companies whose shares are included in the Index. In addition, any current expenses (including any withholding taxes) in respect of shares included in the Index would be treated as if made directly by the U.S. holder, and the deductibility of such expenses (or creditability of such withholding taxes) could be subject to certain limitations.

### *Contingent Payment Debt Instruments*

If any N&C Securities are treated as contingent payment debt instruments, the tax consequences to a U.S. holder would be determined under U.S. Treasury Regulations governing contingent payment debt instruments (the "**Contingent Payment Regulations**"). The Contingent Payment Regulations are complex, but very generally apply the OID rules of the Code to a contingent payment debt instrument by requiring that OID be accrued by the U.S. holder every year at a "comparable yield" for the issuer of the instrument, determined at the time of issuance of the obligation. In addition, the Contingent Payment Regulations require that a projected payment schedule, which results in such a "comparable yield" be determined by the issuer. Further, a U.S. holder will be required to make adjustments to income accruals to account for differences between the actual payments received by the U.S. holder and the projected amounts of such payments. To the extent that the actual payments received by a U.S. holder exceed the projected payments on a contingent debt instrument in any taxable year, the owner of that instrument will recognise ordinary interest income for that taxable year equal to the amount of such excess. In addition, any gain realised on the sale, exchange or redemption of a contingent payment debt instrument will be treated as ordinary income. Any loss realised on such sale, exchange or redemption will be treated as an ordinary loss to the extent that the U.S. holder's OID inclusions with respect to the obligation exceed prior reversals of such inclusions required by the adjustment mechanism described above. Any loss realised in excess of such amount generally will be treated as a capital loss.

### *Loan and One or More Options*

If any N&C Securities are treated as a combination of a loan (or deposit) and one or more options, in general, payments of interest (if any) will be taxable to a U.S. holder as ordinary interest income at the time that such payments are accrued or are received (in

## *Taxation*

accordance with the U.S. holder's regular method of tax accounting), while payments in respect of the options would be taxable in a manner described below.

*Premium.* Premium paid by a U.S. holder in respect of an option will generally be treated as a non-deductible capital expenditure and premium received by a U.S. holder in respect of an option that it is deemed to write will generally not be includible in income upon receipt. As described in the following two sections, the amount of such premium will be taken into account upon the sale, transfer, cash settlement, or lapse of the N&C Security.

*Physical Settlement.* A U.S. holder who receives the underlying property pursuant to the exercise of an option that the U.S. holder has purchased will generally not recognize gain or loss on such exercise. Instead, the U.S. holder will generally be treated as purchasing the underlying property as of the exercise date in exchange for the sum of the exercise price and the amount of the premium that the U.S. holder paid for the option. The U.S. holder's holding period for the underlying property will begin on the day after the date of exercise or, in the case of stock or corporate securities, on the exercise date.

A U.S. holder who delivers the property underlying an option pursuant to the exercise of such option that the U.S. holder has written will generally be treated as selling the underlying property as of the exercise date. Accordingly, such a U.S. holder will generally recognize capital gain or loss equal to the difference between (i) the sum of the exercise price and the amount of the premium that the U.S. holder received for the option and (ii) the U.S. holder's tax basis in the underlying property. Such capital gain or loss generally will be long-term capital gain or loss if the underlying property was held for more than one year.

*Sale, Transfer, Cash Settlement, or Lapse.* A U.S. holder who has purchased an option will generally recognize capital gain or loss upon the sale, transfer, cash settlement or lapse of the option in an amount equal to the difference between (i) the amount realized by the investor from such sale, transfer, settlement, or lapse and (ii) the amount of the premium that the investor paid for the option. Such capital gain or loss will be long-term capital gain or loss if the option was held for more than one year.

*Mark-to-Market Rules.* Under Section 1256 of the Code, special mark-to-market and character rules apply in the case of certain "nonequity" options and foreign currency contracts. Unless the N&C Securities (other than N&C Securities denominated in a currency other than the U.S. dollar) are listed on a "qualified board or exchange" for purposes of Section 1256 of the Code, however, these mark-to-market rules will not be applicable to U.S. holders of the N&C Securities. Where relevant, the application of the Section 1256 of the Code rules to N&C Securities denominated in a currency other than the U.S. dollar may be discussed in the applicable Pricing Supplement.

### *Possible Alternative Tax Treatment*

If an N&C Security is treated as a unit consisting of a loan and a forward contract, a U.S. holder could be required to accrue a significant amount of OID on a current basis during the period in which it holds the N&C Security.

It is also possible that future regulations or other IRS guidance would require a U.S. holder to accrue income on the N&C Securities on a current basis. The IRS and the Treasury issued proposed regulations that require the current accrual of income with respect to contingent non-periodic payments made under certain notional principal contracts. The preamble to the regulations states that the "wait and see" method of tax accounting does not properly reflect the economic accrual of income on such contracts, and requires a current accrual of income with respect to some contracts already in existence at the time the proposed regulations were released. While the proposed regulations do not apply to prepaid forward contracts, the preamble to the proposed regulations expresses the view that similar timing issues exist in the case of prepaid forward contracts. If the IRS published future guidance requiring current accrual of income with respect to contingent payments on prepaid forward contracts, it is possible that a U.S. holder could be required to accrue income over the term of the N&C Securities.

On 7 December, 2007, the IRS released a notice (Notice 2008-2) that may affect the taxation of holders of the N&C Securities. According to the notice, the IRS and the Treasury are actively considering whether the U.S. holder of an instrument such as certain N&C Securities should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, U.S. holders of the N&C Securities will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the Treasury are also considering other relevant issues, including whether additional gain or loss from such N&C Securities should be treated as ordinary or capital, and whether the special "constructive ownership rules" of Section 1260 of the Code might be applied to such N&C Securities. U.S. holders are urged to consult their tax advisers concerning the

## ***Taxation***

significance, and the potential impact, of the above considerations. The Issuer intends to continue treating the N&C Securities for U.S. federal income tax purposes in accordance with the treatment described in this Information Memorandum unless and until such time as the Treasury and IRS determine that some alternative treatment is more appropriate.

### *N&C Securities Denominated in a Specified Currency Other Than the U.S. Dollar*

Payments of premium, exercise price, sale proceeds, and cash settlement amounts in respect of N&C Securities that are denominated in a currency other than the U.S. dollar will be subject to special U.S. tax rules regarding foreign currency transactions.

If appropriate, additional U.S. federal income tax consequences may be set forth in the applicable Pricing Supplement. U.S. holders should consult their own tax advisors concerning the application of these rules in their particular circumstances.

### **Information Reporting and Backup Withholding**

The relevant Agent may be required to file information returns with the IRS with respect to payments made to certain holders under, or in respect of, the N&C Securities. In addition, certain U.S. holders may be subject to backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers to the relevant Agent or otherwise comply with the applicable backup withholding requirements.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder under the backup withholding rules will be allowed as a credit against the holder's United States federal income tax liability and may entitle the holder to a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing all required information.

### **5. Hiring Incentives to Restore Employment Act**

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "**Code**") which treats a "dividend equivalent" payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30% U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the U.S. Internal Revenue Service (the "**IRS**"). A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) and (ii). Proposed U.S. Treasury regulations expand the application of Section 871(m) of the Code to dividend equivalent payments made or deemed made after 31 December 2015 in respect of certain financial instruments that reference U.S. stocks ("**equity linked instruments**"). Under these proposed regulations relating to equity linked instruments, withholding may be required even in the absence of any actual dividend-linked payment made pursuant to the equity linked instrument. These rules apply only to equity linked instruments issued on or after the date that is 90 days after the date of publication of Final U.S. Treasury Regulations under Section 871(m).

While significant aspects of the application of Section 871(m) to the Securities are uncertain, if the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Securities.

### **6. Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the IRS to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA. The Issuer is classified as an FFI.

## *Taxation*

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the date that is six months after the date on which final U.S. Treasury regulations define the term foreign passthru payments (the "**grandfathering date**"), or which are materially modified on or after the grandfathering date and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued before the grandfathering date, and additional Securities of the same series are issued on or after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "IGA"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the "**US-UK IGA**") based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-UK IGA and does not anticipate being obliged to deduct any FATCA Withholding. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Securities are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Securities is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

Whilst the Securities are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Securities by the Issuer, the Guarantor, any paying agent and the common depositary or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Securities. FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Securities.

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

**PROSPECTIVE SECURITYHOLDERS WHO ARE IN ANY DOUBT AS TO THEIR TAX POSITION OR WHO MAY BE SUBJECT TO TAX IN ANY RELEVANT JURISDICTION SHOULD SEEK INDEPENDENT PROFESSIONAL ADVICE.**

## *Certain ERISA Considerations*

### CERTAIN ERISA CONSIDERATIONS

Unless otherwise provided in the applicable Pricing Supplement, the N&C Securities should be eligible for purchase by employee benefit plans and other plans subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and/or the provisions of section 4975 of the Code and by governmental, church and non-U.S. plans that are subject to state, local, other federal law of the United States or non-U.S. law that is substantially similar to ERISA or the Code ("**Similar Law**") subject to consideration of the issues described in this section. ERISA imposes certain requirements on "employee benefit plans" (as defined in section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under "*Risk factors*".

Section 406 of ERISA and section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the "**Plans**")) and certain persons (referred to as "**parties in interest**" or "**disqualified persons**") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a Plan fiduciary, who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer, the Guarantor, the Dealers, the Agents or any other party to the transactions referred to in this Information Memorandum may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of section 406 of ERISA or section 4975 of the Code may arise if any of the N&C Securities is acquired or held by a Plan, including but not limited to where the Issuer, the Guarantor, the Dealers, the Agents or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of section 406 of ERISA and section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any N&C Securities and the circumstances under which such decision is made. Included among these exemptions are section 408(b)(17) of ERISA and section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisors regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any N&C Securities.

Governmental plans (as defined in section 3(32) of ERISA) and certain church plans (as defined in section 3(33) of ERISA) and non-U.S. plans (as described in section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of section 406 of ERISA and section 4975 of the Code, may nevertheless be subject to Similar Law. Fiduciaries of any such plans should consult with their counsel before purchasing the N&C Securities to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

Accordingly, except as otherwise provided in the applicable Pricing Supplement, each purchaser and subsequent transferee of any N&C Securities will be deemed by such purchase or acquisition of any such N&C Securities to have represented and warranted, on each day from the date on which the purchaser or transferee acquires such N&C Securities (or any interest therein) through and including the date on which the purchaser or transferee disposes of such N&C Securities (or any interest therein), either that (a) it is not a Plan or any entity whose underlying assets include, or are deemed for purposes of ERISA or the Code to include, the assets of any Plan or a governmental, church or non-U.S. plan which is subject to any Similar Law or (b) its acquisition, holding and disposition of such N&C Securities (or any interest therein) will not constitute or result in a prohibited transaction under section 406

### ***Certain ERISA Considerations***

of ERISA or section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan subject to Similar Law, a violation of any Similar Law) for which an exemption is not available.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the N&C Securities should determine whether, under the documents and instruments governing the Plan, an investment in such N&C Securities is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such N&C Securities (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any Similar Law).

The sale of any N&C Securities to a Plan is in no respect a representation by the Issuer, the Guarantor, the Dealers, the Agents or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Any further ERISA considerations with respect to the N&C Securities may be found in the relevant Pricing Supplement.



## ***Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions***

### **NOTICE TO PURCHASERS AND HOLDERS OF N&C SECURITIES AND TRANSFER RESTRICTIONS**

The N&C Securities have not been registered under the Securities Act or the securities laws of any state and have not been approved or disapproved by the SEC or any U.S. state securities authority. Neither the SEC nor any state securities authority in any other jurisdiction has passed upon the accuracy or adequacy of this Information Memorandum. Furthermore, the N&C Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the N&C Securities has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended. Any representation to the contrary is unlawful.

*As a result of the following restrictions, purchasers of N&C Securities are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such N&C Securities.*

#### **Transfer Restrictions**

Each purchaser of N&C Securities obtaining an interest in Immobilised Bearer N&C Securities will be deemed to have represented and agreed as follows:

- (1) It is purchasing the N&C Securities for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB and is aware that the sale to it is being made in reliance on Rule 144A, or (B) a "foreign purchaser" (as defined in "*Subscription and Sale*" below) that is outside the United States (or a foreign purchaser that is a dealer or other fiduciary as referred to in "*Subscription and Sale*" below).
- (2) It acknowledges that neither the N&C Securities nor the Guarantee have been registered under the Securities Act or any other applicable U.S. state securities laws and the N&C Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
- (3) It agrees that the Issuer has no obligation to register the N&C Securities under the Securities Act.
- (4) It will not resell or otherwise transfer any N&C Securities except (A) to the Issuer or any affiliate thereof, (B) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction complying with Rule 144A, (C) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (E) pursuant to an effective registration statement under the Securities Act, in each case, in accordance with all applicable U.S. state securities laws.
- (5) If it holds an interest in a Permanently Restricted N&C Global Security, if in the future it decides to resell, pledge or otherwise transfer such interest, it will do so only outside the United States in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act to a person that is not a U.S. person.
- (6) It will give to each person to whom it transfers N&C Securities notice of any restrictions on transfer of those N&C Securities.
- (7) Either (i) it is not and for so long as it holds N&C Securities (or any interest therein) will not be (A) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (B) a "plan" as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), (C) an entity whose underlying assets include the assets of any such employee benefit plan subject to ERISA or other plan subject to Section 4975 of the Code, or (D) a governmental, church, non-U.S. or other employee benefit plan which is subject to any U.S. federal, state, local or non-U.S. law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (ii) its acquisition, holding and disposition of the N&C Securities will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of such a governmental, church, non-U.S. or other employee benefit plan, a violation of any such substantially similar U.S. federal, state, local or non-U.S. law for which an exemption is not available.

***Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions***

- (8) It understands that the N&C Securities offered in the United States to QIBs in compliance with Rule 144A will be represented by interests in Immobilised Bearer N&C Securities in the form of U.S. CDIs and that N&C Securities offered outside the United States in offshore transactions to non-U.S. persons pursuant to Regulation S will be represented by interests in Immobilised Bearer N&C Securities in the form of European CDIs or Permanently Restricted CDIs.
- (9) It understands that each of the N&C Securities will bear a legend substantially in the form provided below unless otherwise agreed by the Issuer and the holder of particular N&C Securities.

Any N&C Securities that are offered, sold or transferred in the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S) will either be issued in the form of Definitive Registered N&C Securities registered in the name of the registered holder thereof, or represented by an Immobilised Bearer Global Security which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

- (10) It acknowledges that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any N&C Securities as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (11) the N&C Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the N&C Securities has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended.
- (12) that in issuing N&C Securities linked to any Reference Item, the Issuer is not making, and has not made, any representations whatsoever as to the Reference Item or any information contained in any document filed by the issuer of such Reference Item with any exchange or with any government entity regulation the purchase and sale of securities or N&C Securities linked to any Reference Item.
- (13) that the Issuer and any affiliate of the Issuer may, whether by virtue of the types of relationships described above otherwise, at the date hereof or at any time hereafter be in possession of information in relation to the issuer of a Reference Item which is or may be material in the context of an issue of N&C Securities linked to such Reference Item and which is or may not be known to the general public or any N&C Securityholder. N&C Securities linked to any Reference Item do not create any obligation on the part of the Issuer or any affiliate of the Issuer to disclose to any N&C Securityholder any such relationship or information (whether or not confidential) and neither the Issuer nor any other affiliate of the Issuer shall be liable to any N&C Securityholder by reason of such nondisclosure. No such information has been used in the selection of any issuer of a Reference Item for any N&C Securities linked to any Reference Item.
- (14) that the Issuer and any affiliate of the Issuer may have existing or future business relationships with the issuer of a Reference Item (including, but not limited to, lending, depositary, risk management, advisory or banking relationship), and will pursue actions and take steps that it deems or they deem necessary or appropriate to protect its or their interests arising therefrom without regard to the consequences for a holder of N&C Securities linked to the issuer of a Reference Item.
- (15) that the market value of N&C Securities linked to the issuer of a Reference Item may be adversely affected by movements in the value of the issuer of the Reference Item or in currency exchange rates.
- (16) that the Settlement Amount in respect of any N&C Security may be less than its issue price.

Each Definitive Registered N&C Security will bear a legend to the following effect:

***Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions***

"THE SECURITIES REPRESENTED BY THIS DEFINITIVE REGISTERED N&C SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY BE TRANSFERRED ONLY PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW. THE N&C SECURITIES DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED, AND TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED.

THE REGISTERED OWNER HEREOF, BY PURCHASING THE SECURITIES IN RESPECT OF WHICH THIS DEFINITIVE REGISTERED N&C SECURITY IS ISSUED, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE SECURITIES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE SECURITIES REPRESENTED HEREBY OR IS PURCHASING SUCH SECURITIES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH SECURITIES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE (OR ARE HOLDING SUCH SECURITIES FOR THE BENEFIT OF) QUALIFIED INSTITUTIONAL BUYERS ("**QIBS**") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, AND (3) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH SECURITIES MAY ONLY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED (A) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH THE PROVISIONS OF REGULATIONS UNDER THE SECURITIES ACT OR (B) TO A PERSON WHO THE SELLER REASONABLY BELIEVES TO BE A QIB WHO IS AWARE THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A AND ONE OR MORE EXEMPTIONS AND/OR EXCLUSIONS FROM REGULATION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED.

EACH HOLDER OF THIS DEFINITIVE REGISTERED N&C SECURITY AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS DEFINITIVE REGISTERED N&C SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "**OFFSHORE TRANSACTION**" AND "**U.S. PERSON**" SHALL HAVE THE MEANINGS GIVEN TO THEM IN RULE 902 OF REGULATIONS UNDER THE SECURITIES ACT.

ANY SECURITIES THAT ARE OFFERED, SOLD OR TRANSFERRED IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON WILL EITHER BE ISSUED IN THE FORM OF DEFINITIVE REGISTERED N&C SECURITIES, REGISTERED IN THE NAME OF THE REGISTERED HOLDER THEREOF, OR BE REPRESENTED BY A RULE 144A GLOBAL N&C SECURITY WHICH WILL BE DEPOSITED WITH A CUSTODIAN FOR, AND REGISTERED IN THE NAME OF A NOMINEE OF, DTC.

[BY ITS PURCHASE AND HOLDING OF THIS SECURITY (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") THAT IS SUBJECT TO TITLE I OF ERISA, (II) A

***Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions***

"**PLAN**" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN, ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW FOR WHICH AN EXEMPTION IS NOT AVAILABLE.]\* "

Each Rule 144A Global N&C Security will bear a legend to the following effect:

"THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY BE TRANSFERRED ONLY PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW. THE N&C SECURITIES DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED, AND TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED.

THE HOLDER HEREOF, BY PURCHASING THE SECURITIES IN RESPECT OF WHICH THIS GLOBAL SECURITY IS ISSUED (OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN) ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT IS PURCHASING THIS GLOBAL SECURITY OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO SUCH SECURITIES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE SECURITIES REPRESENTED HEREBY OR IS PURCHASING SUCH SECURITIES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH SECURITIES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE (OR ARE HOLDING SUCH SECURITIES FOR THE BENEFIT OF) QUALIFIED INSTITUTIONAL BUYERS ("**QIBS**") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT SUCH SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, (3) AGREES TO NOTIFY ANY SUBSEQUENT TRANSFEREE OF THE TRANSFER RESTRICTIONS SET OUT HEREIN AND THAT IT WILL BE A CONDITION TO SUCH TRANSFER THAT THE TRANSFEREE WILL BE DEEMED TO MAKE THE REPRESENTATIONS SET OUT HEREIN, AND (4) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH SECURITIES MAY ONLY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED (A) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH THE PROVISIONS OF REGULATIONS UNDER THE SECURITIES ACT OR (B) TO A PERSON WHO THE SELLER REASONABLY BELIEVES TO BE A QIB THAT IS AWARE THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

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\* To be included in addition to the legend above on N&C Securities delivered in exchange for interests in Rule 144A Global N&C Securities.

***Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions***

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A AND ONE OR MORE EXEMPTIONS AND/OR EXCLUSIONS FROM REGULATION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED.

EACH HOLDER OF THIS GLOBAL SECURITY OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "**OFFSHORE TRANSACTION**" AND "**U.S. PERSON**" SHALL HAVE THE MEANINGS GIVEN TO THEM IN RULE 902 OF REGULATION S UNDER THE SECURITIES ACT.

BY ITS PURCHASE AND HOLDING OF THIS SECURITY (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN, A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW FOR WHICH AN EXEMPTION IS NOT AVAILABLE."

Each Regulation S Global N&C Security will bear a legend to the following effect:

"THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE N&C SECURITIES DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED, AND TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED.

BY PURCHASING OR OTHERWISE ACQUIRING THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY, THE HOLDER THEREOF ACKNOWLEDGES THAT THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY ARE "RESTRICTED SECURITIES" THAT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT. THE HOLDER AGREES FOR THE BENEFIT OF THE ISSUER THAT, IF IT SHOULD DECIDE TO DISPOSE OF THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY PRIOR TO THE DATE WHICH IS 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY, THE SECURITY REPRESENTED BY THIS GLOBAL SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND ONLY (A) TO PERSONS WHOM THE SELLER REASONABLY BELIEVES TO BE QUALIFIED INSTITUTIONAL BUYERS ("**QIBS**") AS DEFINED IN RULE 144A ("**RULE 144A**") UNDER THE SECURITIES ACT, OR (B) OTHERWISE OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT;

***Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions***

PROVIDED THAT, IN THE CASE OF A TRANSFER PURSUANT TO CLAUSE (A), A TRANSFEROR OF THE SECURITIES WILL BE REQUIRED (1) TO EXECUTE AND DELIVER TO THE ISSUER AND THE REGISTRAR A TRANSFER CERTIFICATE (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND CAN BE OBTAINED FROM THE REGISTRAR) AND (2) TO EXCHANGE THE PORTION OF THIS GLOBAL SECURITY TO BE SO TRANSFERRED FOR AN INTEREST IN A RULE 144A GLOBAL REGISTERED SECURITY OR A DEFINITIVE REGISTERED SECURITY (AS SET OUT IN THE APPLICABLE PRICING SUPPLEMENT) TO BE REGISTERED IN THE NAME OF THE TRANSFEREE.

EACH HOLDER OF THIS SECURITY OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "**OFFSHORE TRANSACTION**" AND "**U.S. PERSON**" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT.

ANY SECURITIES THAT ARE OFFERED, SOLD OR TRANSFERRED IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON (AS DEFINED IN REGULATION S) WILL EITHER BE ISSUED IN THE FORM OF A DEFINITIVE REGISTERED N&C SECURITY, REGISTERED IN THE NAME OF THE REGISTERED HOLDER THEREOF, OR BE REPRESENTED BY A RULE 144A GLOBAL N&C SECURITY WHICH WILL BE DEPOSITED WITH A CUSTODIAN FOR, AND REGISTERED IN THE NAME OF A NOMINEE OF, DTC.

BY ITS PURCHASE AND HOLDING OF THIS SECURITY (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS NOT AND FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE."

Each Permanently Restricted Global N&C Security will bear a legend to the following effect:

"THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE N&C SECURITIES DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED, AND TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED.

BY PURCHASING OR OTHERWISE ACQUIRING THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY, THE HOLDER THEREOF ACKNOWLEDGES THAT THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY, OR ANY INTEREST THEREIN, ARE "RESTRICTED SECURITIES" THAT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND ARE BEING OFFERED AND SOLD IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**"). THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY, OR ANY INTEREST THEREIN, MAY NOT AT ANY TIME BE OFFERED, SOLD, RESOLD, TRADED, PLEDGED, REDEEMED, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON AND ANY OFFER,

*Notice to Purchasers and Holders of N&C Securities and Transfer Restrictions*

SALE, RESALE, TRADE, PLEDGE, REDEMPTION, TRANSFER OR DELIVERY MADE, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON WILL NOT BE RECOGNISED. THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY, OR ANY INTEREST THEREIN, MAY NOT BE LEGALLY OR BENEFICIALLY OWNED AT ANY TIME BY ANY U.S. PERSON AND ACCORDINGLY ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS IN RELIANCE ON REGULATIONS.

BY ITS PURCHASE OF THIS SECURITY OR ANY INTEREST HEREIN, EACH PURCHASER WILL BE DEEMED OR REQUIRED, AS THE CASE MAY BE, TO HAVE AGREED THAT IT MAY NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY OR ANY INTEREST HEREIN HELD BY IT EXCEPT OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION TO A PERSON THAT IS NOT A U.S. PERSON.

FOR THE PURPOSES HEREOF, "**OFFSHORE TRANSACTION**" AND "**U.S. PERSON**" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATIONS."

## *Notice to Purchasers and Holders of Warrants and Transfer Restrictions*

### **NOTICE TO PURCHASERS AND HOLDERS OF WARRANTS AND TRANSFER RESTRICTIONS**

The Warrants have not been registered under the Securities Act or the securities laws of any state and have not been approved or disapproved by the SEC or any U.S. state securities authority. Neither the SEC nor any state securities authority in any other jurisdiction has passed upon the accuracy or adequacy of this Information Memorandum. Furthermore, the Warrants do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Warrants has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended. Any representation to the contrary is unlawful.

*As a result of the following restrictions, purchasers of the Warrants are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Warrants.*

#### **Transfer Restrictions**

Each purchaser of the Warrants, by its purchase of the Warrants, will be deemed to have represented and agreed as follows:

- (1) that it is outside the United States and is not a U.S. person;
- (2) the Warrants do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Warrants has not been and will not be approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended;
- (3) that it will not at any time offer, sell, resell or deliver, directly or indirectly, any Warrants in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of any U.S. person;
- (4) that it is not purchasing any Warrants for the account or benefit of any U.S. person;
- (5) that it will send each person who purchases Warrants from it a written confirmation (which shall include the definitions of United States and U.S. person set forth herein) stating that the Warrants have not been registered under the Securities Act, that the Warrants do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Warrants has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended, and stating that such purchaser agrees that it will not at any time offer, sell, resell or deliver any of such Warrants, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (6) that no U.S. person or person in the United States may at any time trade or maintain a position in the Warrants;
- (7) that in issuing a Warrant linked to any Reference Item, the Issuer is not making, and has not made, any representations whatsoever as to the Reference Item or any information contained in any document filed by the issuer of such Reference Item with any exchange or with any government entity regulation the purchase and sale of securities or a Warrant linked to any Reference Item;
- (8) that the Issuer and any affiliate of the Issuer may, whether by virtue of the types of relationships described above otherwise, at the date hereof or at any time hereafter be in possession of information in relation to the issuer of a Reference Item which is or may be material in the context of an issue of Warrants linked to such Reference Item and which is or may not be known to the general public or any Warrantholder. Warrants linked to any Reference Item do not create any obligation on the part of the Issuer or any affiliate of the Issuer to disclose to any Warrantholder any such relationship or information (whether or not confidential) and neither the Issuer nor any other affiliate of the Issuer shall be liable to any Warrantholder by reason of such nondisclosure. No such



***Notice to Purchasers and Holders of Warrants and Transfer Restrictions***

information has been used in the selection of any issuer of a Reference Item for any Warrants linked to any Reference Item;

- (9) that the Issuer and any affiliate of the Issuer may have existing or future business relationships with the issuer of a Reference Item (including, but not limited to, lending, depositary, risk management, advisory or banking relationship), and will pursue actions and take steps that it deems or they deem necessary or appropriate to protect its or their interests arising therefrom without regard to the consequences for a holder of a Warrant linked of the issuer of a Reference Item;
- (10) that the market value of Warrants linked to the issuer of a Reference Item may be adversely affected by movements in the value of the issuer of the Reference Item or in currency exchange rates;
- (11) that the Settlement Amount or the value of the Entitlement, as applicable, in respect of any Warrant may be less than its issue price;
- (12) that no Warrants have been or will be registered under the Securities Act or any applicable U.S. State securities laws and no Warrants may be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (13) it will, and will require each subsequent Warrantholder to, notify any purchaser of Warrants from it of the resale restrictions referred to in paragraph (5) above;
- (14) that, in the case of any resale or transfer of an interest in the Warrants during the Distribution Compliance Period, it will certify to the Principal Warrant Agent that such transfer is being made to a non-U.S. person in an offshore transaction pursuant to Regulation S;
- (15) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Warrants as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each Global Warrant will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT HAVE NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"). WARRANTS REPRESENTED BY THIS GLOBAL WARRANT MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION UNDER THE SECURITIES ACT UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE WARRANTS DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED, AND TRADING IN THE WARRANTS HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED. THE PURCHASER OF ANY WARRANT REPRESENTED BY THIS GLOBAL WARRANT ACKNOWLEDGES THE RESTRICTIONS ON THE TRANSFER OF THE WARRANTS SET FORTH BELOW AND AGREES THAT IT SHALL TRANSFER ANY WARRANT ONLY AS PROVIDED IN THE PRICING SUPPLEMENT ATTACHED HERETO.

THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE PRICING SUPPLEMENT REFERRED TO HEREIN AND OTHER THAN PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY REGULATION S, AND A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND SHALL BE DELIVERED TO EACH PERSON TO WHOM WARRANTS REPRESENTED BY THIS GLOBAL WARRANT ARE TRANSFERRED. THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT MAY NOT BE EXERCISED BY OR ON BEHALF OF ANY U.S. PERSON (INCLUDING ANY "U.S. PERSON" AS

***Notice to Purchasers and Holders of Warrants and Transfer Restrictions***

SUCH TERM IS DEFINED IN REGULATION S OR IN REGULATIONS ADOPTED UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED).

EACH HOLDER OF A BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT SHALL BE DEEMED TO HAVE REPRESENTED WITH RESPECT TO ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING THAT IT AND EACH HOLDER OF SUCH ACCOUNT IS NOT A U.S. PERSON AND THAT IT AND EACH SUCH HOLDER HAS ACQUIRED SUCH INTEREST IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S AND WILL NOT ENGAGE IN HEDGING TRANSACTIONS WITH REGARD TO THE SECURITIES UNLESS IN COMPLIANCE WITH THE SECURITIES ACT AND THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED. ANY RESALE OR OTHER TRANSFER OF AN INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT SHALL REQUIRE THE TRANSFEROR TO SEND EACH PERSON WHO PURCHASES WARRANTS FROM IT A WRITTEN CONFIRMATION (WHICH SHALL INCLUDE THE DEFINITIONS OF UNITED STATES AND U.S. PERSON SET FORTH IN THE PRICING SUPPLEMENT ATTACHED HERETO) STATING THAT WARRANTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, THAT THE WARRANTS DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED, AND TRADING IN THE WARRANTS HAS NOT BEEN APPROVED BY THE COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED AND STATING THAT SUCH PURCHASER AGREES THAT IT WILL NOT AT ANY TIME OFFER, SELL, RESELL OR DELIVER ANY OF SUCH WARRANTS, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS DEFINED IN THE PRICING SUPPLEMENT ATTACHED HERETO). IF AT ANY TIME THE PRINCIPAL WARRANT AGENT SUBSEQUENTLY DETERMINES OR IS SUBSEQUENTLY NOTIFIED BY THE ISSUER THAT THE HOLDER OF ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT WAS IN BREACH, AT THE TIME GIVEN, OF ANY REPRESENTATION OR AGREEMENT GIVEN BY SUCH WARRANTHOLDER, THE PURPORTED TRANSFER SHALL BE ABSOLUTELY NULL AND VOID *AB INITIO* AND SHALL VEST NO RIGHTS IN THE PURPORTED TRANSFEREE (SUCH PURPORTED TRANSFEREE, A "**DISQUALIFIED TRANSFEREE**") AND THE LAST PRECEDING HOLDER OF SUCH INTEREST THAT WAS NOT A DISQUALIFIED TRANSFEREE SHALL BE RESTORED TO ALL RIGHTS AS A WARRANTHOLDER THEREOF RETROACTIVELY TO THE DATE OF TRANSFER OF SUCH INTEREST BY SUCH WARRANTHOLDER.

IF REQUESTED BY THE ISSUER OR BY A WARRANT AGENT, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF WARRANTS REPRESENTED BY THIS GLOBAL WARRANT IS PERMISSIBLE UNDER THE SECURITIES ACT OR THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED.

THE WARRANTS AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THE WARRANTS TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE PURCHASER OF SECURITIES REPRESENTED BY THIS GLOBAL WARRANT SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT."

## *Subscription and Sale*

### SUBSCRIPTION AND SALE

The Dealers have in an amended and restated Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated on or about the date of this Information Memorandum agreed with the Issuer and the Guarantor a basis upon which the Issuer may from time to time agree to issue Securities. Any such agreement will extend to those matters stated under "*Form of the Securities*", "*General Terms and Conditions of the N&C Securities*" and "*General Terms and Conditions of the Warrants*". In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of Securities under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The price and amount of Securities to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Securities may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Programme Agreement also provides for Securities to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers. If a Tranche of Securities is syndicated, the details of such syndication will be specified in the applicable Pricing Supplement.

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

### SELLING RESTRICTIONS

#### 1. The Americas

##### United States of America

Each Dealer has acknowledged, and each further Dealer appointed under the Programme Agreement will be required to acknowledge, that the Securities 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 accordance with Regulation S or Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**") or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Securities in bearer form 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 U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme Agreement will be required to agree, that except as permitted by the Programme Agreement: (a) it has not offered, sold or delivered Securities and it will not offer, sell or deliver Securities (i) as part of their distribution at any time or (ii) otherwise (except for Permanently Restricted N&C Securities) until 40 days after the completion of the distribution of all N&C Securities of the relevant Tranche, within the United States or to, or for the account or benefit of U.S. persons and only in accordance with Rule 903 of Regulation S or, in the case of Immobilised Bearer N&C Securities (other than Permanently Restricted N&C Securities) if applicable, Rule 144A under the Securities Act and (b) that it will not at any time offer, sell or deliver Permanently Restricted N&C Securities, or any interest therein, within the United States or to, or for the benefit or account of, U. S. Persons, and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it or through it during the distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Securities within the United States or to or for the account or benefit of U.S. persons.

## ***Subscription and Sale***

Interests in the Immobilised Bearer N&C Securities are being offered and sold only (a) outside the United States to persons other than U.S. persons ("foreign purchasers", which term includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust) pursuant to Regulation S and (b) to "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A, in compliance with Rule 144A.

The Permanently Restricted N&C Securities may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person and may not be legally or beneficially owned at any time by any U.S. person. Accordingly, Permanently Restricted N&C Securities may only be offered and sold in offshore transactions outside the United States to persons that are not U.S. persons pursuant to Regulation S. Any offer, sale, resale, trade, pledge, redemption, transfer or delivery of Permanently Restricted N&C Securities made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Except as otherwise provided, terms used in this United States sub-section of "*Selling Restrictions*" have the meanings given to them by Regulation S.

In addition, until 40 days after the completion of the distribution of all N&C Securities comprising any Tranche, an offer or sale of N&C Securities 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.

Further, no Warrants of any series, or interests therein or Entitlement with respect thereto, may at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the "**United States**") or directly or indirectly offered, sold, resold, traded, pledged, redeemed, transferred or delivered to, or for the account or benefit of, any person who is (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other "U.S. person" as such term may be defined in Regulation S under the Securities Act or in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, promulgated by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as such definition may be amended, modified or supplemented from time to time (each a "**U.S. person**" for purposes of the Warrants).

Offers, sales, resales or deliveries of Warrants of any series, or interests therein or any Entitlement with respect thereto, directly or indirectly, in the United States or to, or for the account or benefit of U.S. persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom. In addition, in the absence of relief from the Commodity Futures Trading Commission, offers, sales, resales, trades or deliveries of Warrants of any series, or interests therein or any Entitlement with respect thereto, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States Commodity Exchange Act, as amended. Consequently, no U.S. person may at any time trade or maintain a position in the Warrants, and any offer, sale, resale, trade, pledge, redemption, transfer or delivery of any Securities of any series, or interests therein or any Entitlement with respect thereto, made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Prior to the delivery of any Entitlement in respect of any Warrants to be settled by way of physical delivery, the holder thereof will be required to represent that, *inter alia*, it is not a U.S. person, the Warrant was not redeemed on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or the account or benefit of, a U.S. person in connection with any exercise thereof (see Warrant Condition 4.3).

## ***Subscription and Sale***

Each issuance of Securities shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance of such Securities, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

### ***Republic of Chile***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither the Issuer nor the Securities have been, and will not be registered at the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile*) (the "**SVS**") pursuant to *Ley No. 18,045 de Mercado de Valores* (Securities Market Act), as amended, of the Republic of Chile and, accordingly, each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Securities within Chile or to, or for the account or benefit of persons in Chile except in circumstances which have not resulted and will not result in a public offering and/or securities intermediation (*funciones de intermediación*) in Chile within the meaning of Chilean law.

Pursuant to Rule No. 336 of the SVS ("**Rule 336**"), the Securities may be privately offered to certain qualified investors identified as such by Rule 336. Accordingly, Dealers may offer the Securities to prospective investors in Chile in accordance with the following requirements:

- (a) The offer of the Securities must be subject to *Norma de Carácter General* (Rule) No. 336 issued by the SVS;
- (b) The subject matter of the offer are securities not registered with the *Registro de Valores* (Securities Registry) of the SVS, nor with the *Registro de Valores Extranjeros* (Registry of Foreign Securities) of the SVS, due to the Securities not being subject to the oversight of the SVS;
- (c) Since the Securities are not registered in Chile there is no obligation by the Issuer to deliver public information about the Securities in Chile; and
- (d) The Securities may not be sold in a public offering in Chile unless they are registered in the Securities Registry or the Registry of Foreign Securities of the SVS.

As a result of the above restrictions, purchasers of Securities in Chile are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Securities.

## **2. Europe, the Middle East and Africa**

### ***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 Securities, which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto, to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State:

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

## ***Subscription and Sale***

provided that no such offer of Securities referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision:

- the expression an "**offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;
- 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.

### ***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) 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 (financial promotion) of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA would not, if they were not authorised persons, apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

### ***Austria***

No prospectus has been or will be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*), as amended, or approved by the competent authority of another EEA member state and published pursuant to the Prospectus Directive and validly passported to Austria. Neither this document nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither this document nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria, save as specifically agreed with the Dealers. No steps may be taken that would constitute a public offering of the Securities in Austria and the offering of the Securities may not be advertised in Austria. Each Dealer has represented and agreed that it will offer the relevant securities in Austria only in compliance with the provisions of the Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the relevant securities in Austria.

### ***Belgium***

This Information Memorandum has not been, and it is not expected that it will be, submitted for approval to the Belgian Financial Services and Markets Authority. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall refrain from taking any action that would be characterised as or result in a public offering of these Securities in Belgium in accordance with the Prospectus Law dated 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets, as amended or replaced from time to time, and most recently by law of 17 July 2013.

Bearer securities (including, without limitation, definitive securities in bearer form and securities in bearer form underlying the Securities) shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.

## ***Subscription and Sale***

Fund Linked Securities will not be offered in Belgium unless Cash Settlement applies or unless the underlying fund(s) are registered in accordance with the law of 3 August 2012 on the collective management of investment portfolios and can be offered to the public in Belgium.

Unless otherwise specified, the funds underlying the Fund Linked Securities are not registered in accordance with the law of 3 August 2012 on the collective management of investment portfolios and cannot be offered to the public in Belgium.

### ***France***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that in respect of any private placement in France, it has not offered or sold and will not offer or sell, directly or indirectly, any Securities to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Information Memorandum, the relevant Pricing Supplement or any other offering material relating to the Securities and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement-de gestion-de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French Code *monétaire et financier*.

This Information Memorandum prepared in connection with the Securities has not been submitted to the clearance procedures of the *Autorité des marchés financiers* (AMF).

### ***Kingdom of Spain***

This Information Memorandum related to the Securities described in this document has not been registered with the Spanish Securities Market Commission nor passported into the Kingdom of Spain and therefore the Securities are not intended to be publicly offered to investors in the Kingdom of Spain.

Each Dealer has represented and agreed and each further Dealer will be required to represent and agree that the offering of the Securities has not been registered in compliance with the requirements of Law 24/1988, of 28 July, on the Spanish Securities Market (as amended from time to time), Royal Decree 1310/2005, of 4 November, on admission to listing and on issues and public offers of securities (as amended from time to time) and any other regulation developing them which may be in force from time to time and accordingly, no Securities will be offered, sold, delivered, marketed nor may copies of this Information Memorandum or of any other document relating to the Securities be distributed in the Kingdom of Spain, except in those circumstances which such offer, sale, delivery or marketing are exempted from the rules on public offerings pursuant to Article 30bis of Law 24/1988, of 28 July, on the Spanish Securities Market (as amended from time to time) and related provisions under Royal Decree 1310/2005, of 4 November, on admission to listing and on issues and public offers of securities (as amended from time to time).

### ***Poland***

No permit has been obtained from the Polish Financial Supervisory Authority (the "**Polish FSA**") in relation to the issue of any Securities nor has the issue of any Securities been notified to the Polish FSA in accordance with applicable procedures. Accordingly, the Securities may not be publicly offered in Poland, as defined in the Polish Act on Public Offerings and on the Conditions of Introducing Financial Instruments to an Organised Trading System and on Public Companies of 29 July 2005 (as amended) (the "**Polish Act on Public Offerings**") as: an offering directed at 150, or more people or at an unnamed addressee, made in any form and by any means, if such offering contains information on the securities and terms of their acquisitions which constitute sufficient basis for investors to acquire such securities (a "**Polish Public Offering**"). Each Dealer has confirmed and each further Dealer appointed under the Programme will be required to confirm, and each Securityholder by the purchase of a Security, is deemed to confirm that it is aware that no such permit has been obtained nor such notification made.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree, and each Securityholder is deemed to represent, that it has not offered, sold or delivered and shall not offer, sell or deliver the Securities in Poland in the manner defined as a Polish Public Offering as part of its initial distribution or otherwise to

## ***Subscription and Sale***

residents of Poland or in Poland. Each Dealer acknowledges and each further Dealer appointed under the Programme will be required to acknowledge, and each Securityholder is deemed to acknowledge, that the acquisition and holding of the Securities by residents of Poland may be subject to restrictions imposed by Polish law (including foreign exchange regulations), and that offers and sales of Securities to Polish residents or in Poland in secondary trading may also be subject to restrictions.

### ***Portuguese Republic***

In relation to the Securities, each Dealer has represented and agreed with the Issuer, and each further Dealer appointed under the Programme will be required to represent and agree, that, regarding any offer or sale of Securities by it in Portugal or to individuals resident in Portugal or having a permanent establishment located in the Portuguese territory, it will comply with all laws and regulations in force in Portugal, including (without limitation) the Portuguese Securities Code (*Código dos Valores Mobiliários*), any regulations issued by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) and Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (as amended from time to time), and other than in compliance with all such laws and regulations: (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, market, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Securities in circumstances which could qualify as an offer to the public (*oferta pública*) of securities pursuant to the Portuguese Securities Code and other applicable securities legislation and regulations, notably in circumstances which could qualify as an offer to the public addressed to individuals or entities resident in Portugal or having permanent establishment located in Portugal, as the case may be; (ii) all offers, sales and distributions by it of the Securities have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code, qualify as a private placement of Securities only (*oferta particular*); (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Prospectus or any other offering material relating to the Securities to the public in Portugal. Furthermore, if the Securities are subject to a private placement addressed exclusively to qualified investors as defined, from time to time, in Article 30 of the Portuguese Securities Code (*investidores qualificados*), such private placement will be considered as a private placement of securities pursuant to the Portuguese Securities Code.

### ***Ireland***

Each Dealer has represented, warranted and agreed that (and each further Dealer appointed under the Programme will be required to represent, warrant and agree that) it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Securities, or do anything in Ireland in respect of the Securities, otherwise than in conformity with the provisions of:

- (a) any rules issued by the Central Bank of Ireland, under section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland, as amended, (the "**2005 Act**");
- (b) the Irish Companies Acts 1963 to 2013;
- (c) the Irish Central Bank Acts, 1942 to 2013;
- (d) the European Communities (Markets in Financial Instruments) Regulations 2007 (No.s 1 to 3), as amended, of Ireland and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland; and
- (e) the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Central Bank of Ireland under section 34 of the 2005 Act.

### ***Liechtenstein***

The Securities have not been and will not be offered or sold, directly or indirectly, to the public in Liechtenstein. This Information Memorandum does not constitute a public offering prospectus within the meaning of the European Prospectus Directive (Directive 2003/71/EC, as amended by Directive 2010/73/EU) as implemented in Liechtenstein by the Securities



## ***Subscription and Sale***

Prospectus Act (LGBI. 2007/196). Thus, the Securities may be offered only to: (a) qualified investors; and/or (b) fewer than 150 natural or legal persons, other than qualified investors;

"**Qualified Investors**" are professional clients within the meaning of Art. 4 sec. 1lit. c of the Asset Management Act or clients recognised as Eligible Counterparty pursuant to Art. 25 of the Asset Management Act, provided such client has not elected to be treated as non-professional client. "Qualified Investors" therefore include:

- (a) legal entities which are authorised or regulated to operate in the financial markets, including: credit institutions, investment firms, insurance companies, pension funds, investment undertakings and their management companies;
- (b) national and regional governments, central banks, international and supranational institutions such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations;
- (c) other legal entities which only meet one of the following criteria (pursuant to the last annual or consolidated accounts):
  - an average of less than 250 employees during the last financial year;
  - a total balance sheet of max. EUR 43,000,000 or the equivalent in a different currency;
  - an annual net turnover of max. EUR 50,000,000 or the equivalent in a different currency.

### ***Swiss Confederation***

The Securities may not be offered, advertised or otherwise distributed, directly or indirectly, in or from Switzerland except as to qualified investors as defined in article 10 of the Swiss Federal Act on Collective Investment Schemes (each a "**Qualified Investor**" and collectively the "**Qualified Investors**", and such act the "**CISA**"). Neither this Information Memorandum nor any other offering or marketing material relating to the Securities constitutes a prospectus according to article 652a or article 1156 of the Swiss Federal Code of Obligations or a simplified prospectus as such term is understood pursuant to article 5 of the CISA or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd., and neither this Information Memorandum nor any other offering or marketing material relating to the Securities may be distributed or otherwise made available in or from Switzerland to any person which is not a Qualified Investor. The Securities may only be offered, advertised or otherwise distributed, and this Information Memorandum and any other offering or marketing material relating to the Securities may only be distributed in or from Switzerland to Qualified Investors. The Securities do not constitute participations in a collective investment scheme in the meaning of the CISA. Therefore, the Securities are not subject to the approval of, or supervision by, the Swiss Financial Markets Supervisory Authority FINMA ("**FINMA**"), and investors in the Securities will not benefit from protection under the CISA or supervision by FINMA.

### ***United Arab Emirates (excluding the Dubai International Financial Centre)***

Each Dealer has represented and agreed that the Securities have not been, and are not being, publicly offered, sold, promoted or advertised by it in the United Arab Emirates (including the Dubai International Finance Centre) other than in compliance with the laws of in the United Arab Emirates (and the Dubai International Finance Centre) governing the issue, offering and sale of securities.

### ***Dubai International Financial Centre***

This Information Memorandum relates to an exempt offer (an "**Exempt Offer**") in accordance with the Markets Rules Module of the Dubai Financial Services Authority (the "**DFSA**") Rulebook. This Information Memorandum is intended for distribution only to Professional Clients (as defined in the Glossary Module of the DFSA Rulebook) who are not natural persons. It must not be delivered to, or relied on by, any other person.

## ***Subscription and Sale***

The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Securities offered should conduct their own due diligence on the Securities.

If you do not understand the contents of this Information Memorandum you should consult an authorised financial adviser.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Securities to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (i) an "Exempt Offer" in accordance with the Markets Rules Module of the DFSA Rulebook; and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA Rulebook.

### **General**

The Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, with the Issuer and the Guarantor that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Securities and that it will not, directly or indirectly, offer, sell or deliver Securities or distribute or publish this document, any prospectus, circular, advertisement or other offering material (including, without limitation, any supplement to this document) in relation to the Securities in or from any country of jurisdiction except under circumstances that will to best of its knowledge and belief result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Securities by it will be made on the foregoing terms.

None of the Issuer, the Guarantor and the Dealers represents by virtue of the Information Memorandum that Securities 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.

The restrictions on offerings may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the applicable Pricing Supplement applicable to each Series of Securities or in a supplement to this document.

### **Disclaimer**

As a result of the foregoing restrictions, purchasers of Securities are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Securities.

Unless otherwise specified in the applicable Pricing Supplement, no offers, sales, re-sales or deliveries of any Securities, or distribution of any offering material relating to any Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer, Guarantor or the Dealers.

## *General Information*

### GENERAL INFORMATION

#### 1. Documents Available

So long as Securities are capable of being issued under the Programme or are outstanding, copies of the following documents will, when published, be available for inspection, in physical form, during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Issuer and the Guarantor and at the specified offices of the Paying Agents (and items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) and (x) will be available for collection free of charge):

- (i) the articles of association of the Issuer and the Guarantor, the special resolutions dated 25 November 2009 and 18 December 2009 of the Issuer and the Guarantor, respectively, (each a "**Special Resolution**") and the memorandum of the Issuer and the Guarantor (which, in each case, must be read together with the relevant Special Resolution);
- (ii) the Issuer's Annual Report and Accounts for the year ended 31 December 2013 Issuer's Annual Report and Accounts for the year ended 31 December 2013 containing the (i) audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2013, which appear on pages 106 to 183; (ii) Risk Management Report appearing on pages 25 to 96, with the exception of any section which is marked as unaudited; (iii) section entitled "Sources and uses of funding and liquidity" on page 22; and (iv) section entitled "Material Contracts" on page 202;
- (iii) the Issuer's Annual Report and Accounts for the year ended 31 December 2012 containing the (i) audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2012, which appear on pages 110 to 189, and (ii) Risk Management Report on pages 40 to 78 and pages 84 to 98, except for those items marked as unaudited;
- (iv) the Guarantor's Annual Report and Accounts for the year ended 31 December 2013 containing the (i) audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2013, which appear on pages 201 to 316; (ii) Risk Management Report appearing on pages 61 to 163, with the exception of any section which is marked as unaudited; (iii) audited information in the "Director's Report" on page 191; (iv) section entitled "UK Government Schemes" on page 57; (v) section entitled "Sources and uses of funding and liquidity" on page 57; and (vi) section entitled "Material Contracts" on page 335;
- (v) the Guarantor's Annual Report and Accounts for the year ended 31 December 2012 containing the (i) audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2012, which appear on pages 199 to 309. on pages 74 to 134 and pages 140 to 162, except those items marked as unaudited; (ii) section entitled "FSA Remuneration Disclosures" on pages 194 to 198; (iii) the section entitled "Bank of England Special Liquidity Scheme" on page 58; and (iv) audited information in the "Director's Report" on pages 181 to 192;
- (vi) the most recently published Annual Report and Accounts containing the consolidated and non-consolidated audited annual financial statements and, if published later, the most recently published Interim Financial Results (which are produced on a semi-annual basis) containing interim consolidated and non-consolidated financial statements (if any) of the Issuer, as the same may be amended from time to time;
- (vii) the most recently published Annual Report and Accounts containing the consolidated and non-consolidated audited annual financial statements and, if published later, the most recently published Interim Financial Results (which are produced on a semi-annual basis) containing interim consolidated and non-consolidated financial statements (if any) and the most recently published and publicly available unaudited Quarterly Management Statement (if any) (which are produced on a quarterly basis) of the Guarantor as the same may be amended from time to time;

## ***General Information***

- (viii) the Programme Agreement, the Agency Agreement (which contains the forms of Global N&C Securities, N&C Securities in definitive form, Receipts, Coupons and Talons), the Warrant Agreement (which contains the form of Global Warrant), the N&C Securities Depository Agreement, Deed of Covenant and the Guarantee;
- (ix) this Information Memorandum;
- (x) any future information memoranda, offering circulars, prospectuses and supplements to this Information Memorandum and any other documents incorporated herein or therein by reference;
- (xi) in the case of each issue of listed Securities subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document);
- (xii) Pricing Supplements (save that the Pricing Supplement relating to an unlisted Security will only be available for inspection by a holder of such Security and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Securities and identity); and
- (xiii) the Terms and Conditions set out on pages 59 to 168 of the Base Prospectus dated 28 March 2007 in relation to the Issuer's Structured Note Programme, the Conditions set out on pages 149 to 280 of the Base Prospectus dated 26 March 2008 in relation to the Issuer's Structured Note Programme, the Conditions set out on pages 147 to 297 of the Base Prospectus dated 26 March 2009 in relation to the Issuer's Structured Note Programme, the Conditions set out on pages 155 to 315 of the Base Prospectus dated 14 April 2010 in relation to the Issuer's Structured Note Programme, the Conditions set out on pages 109 to 292 of the Base Prospectus dated 12 April 2011 relating to the Issuer's Structured Note Programme, the Conditions set out on pages 82 to 299 of the Base Prospectus dated 5 April 2012 relating to the Issuer's Note, Certificate and Warrant Programme and the Conditions set out on pages 99 to 337 of the Information Memorandum dated 5 April 2013 relating to the Issuer's Global Structured Solutions Programme.

### **2. Clearance Systems**

The Securities in bearer and registered form have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Securities allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for any Securities in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Rule 144A Global N&C Securities, together with the relevant ISIN and Common Code, will be specified in the applicable Pricing Supplement. If the Securities are to clear through an additional or alternative clearance system the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, NY 10041-0099, United States of America. The address of CREST is Euroclear UK & Ireland Limited, 33 Cannon Street, London, EC4M 5SB.

### **3. Significant or Material Change**

There has been no significant change in the financial or trading position of the ANTS Group (including the Issuer) or the Santander UK Group (including the Guarantor) since 31 December 2013, being the date of both the 2013 consolidated annual financial statements of the Issuer and the Guarantor.

There has been no material adverse change in the prospects of the Guarantor or the Issuer since 31 December 2013, being the date of its last published audited consolidated annual financial statements.

### **4. Litigation**

There are not any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or had, in the 12 months prior to the date hereof,

## ***General Information***

a significant effect on the financial position or profitability of the Santander UK Group, the Issuer or the Guarantor and its subsidiaries.

### **5. Independent Auditors**

The consolidated annual financial statements of the Issuer and the Guarantor for the years ended 31 December 2012 and 31 December 2013 herein incorporated by reference have been audited by Deloitte LLP, Chartered Accountants and Registered Auditors and members of the Institute of Chartered Accountants of England and Wales, as stated in the report appearing therein, in accordance with International Standards on Auditing (UK and Ireland) and have been reported on without qualification. The auditors of the Issuer and the Guarantor have no material interest in the Issuer or the Guarantor.

### **6. U.S. Tax Legend**

Securities in bearer form (other than in the case of Immobilised Bearer N&C Securities) with an original maturity of more than one year and the relevant Receipts, Coupons or Talons 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."

### **7. Contracts (Rights of Third Parties) Act 1999**

The Contracts (Rights of Third Parties) Act 1999 (the "**Act**") provides, *inter alia*, that persons who are not parties to a contract governed by the laws of England and Wales may be given enforceable rights under such contract. Unless specifically provided in the applicable Pricing Supplement to the contrary, this Programme expressly excludes the application of the Act to any issue of Securities under the Programme.

### **8. Post-Issuance Information**

Save as set out in the applicable Pricing Supplements, the Issuer does not intend to provide any post-issuance information in relation to any issue of Securities.

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THE GUARANTOR**

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