TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and will be incorporated by reference into each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" above for a description of the content of Final Terms which will include the definitions of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued pursuant to the Agency Agreement (as defined below).

References herein to the "**Issuer**" shall be references to the party specified as such in the applicable Final Terms (as defined below).

References herein to the "**Notes**" shall be references to the Notes of the Series, of which this Note constitutes a part, and shall mean:

(i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;

(ii) any Global Notes in bearer form (each a "**Bearer Global Note**");

(iii) any Global Notes in registered form (each a "**Registered Global Note**");

(iv) any definitive Notes in bearer form ("**Definitive Bearer Notes**" and, together with the Bearer Global Notes, the "**Bearer Notes**") issued in exchange for a Bearer Global Note;

(v) any definitive Notes in registered form ("**Definitive Registered Notes**" and, together with the Registered Global Notes, the "**Registered Notes**") (whether or not issued in exchange for a Registered Global Note); and

(vi) any Notes in dematerialised form ("**Dematerialised Notes**").

The Notes and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated 31st August, 2018 (the "**Agency Agreement**", which such expression shall mean the same as may from time to time be amended, supplemented or restated) and made among the Issuer, the other issuers named therein and Citibank, N.A. as issuing agent and agent bank for Notes issued by KL (as defined below) or KFAI (as defined below) (the "**Fiscal Agent**", which expression shall include any successor fiscal agent) and as paying agent (the "**Paying Agent**", which expression shall include any additional or successor paying agents), Citibank Europe Plc as domiciliary agent for Notes issued by KECC (as defined below) (the "**Domiciliary Agent**", which expression shall include any additional or successor domiciliary agent), Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression shall include any additional or successor registrar) and Citibank, N.A., London Branch as transfer agent (the "**Transfer Agent**", which expression shall include any additional or successor transfer agent) and other agents in each case named in the Agency Agreement (together with the Fiscal Agent, the Domiciliary Agent, the Registrar, the other Paying Agents and the Transfer Agent, the "**Agents**" which expression shall include any additional or successor agents), and (i) where the Issuer is Komatsu Finance America Inc. ("**KFAI**"), an amended and restated keep well agreement (as modified and/or supplemented and/or restated from time to time, the "**U.S. Keep Well Agreement**") between Komatsu Ltd. ("**KL**") and KFAI dated 1st September, 2017 and (ii) where the issuer is Komatsu Europe Coordination Center NV ("**KECC**"), a keep well agreement dated 31st August, 2018 executed by KL and KECC (as modified and/or supplemented and/or restated from time to time, the "**Belgian Keep Well Agreement**" and together with the U.S. Keep Well Agreement, the "**Keep Well Agreements**") and a Belgian deed poll dated 31st August, 2018 (as modified and/or supplemented and/or restated from time to time, the "**Belgian Deed Poll**") executed by KL and KECC and conferring upon holders of Notes issued by KECC certain rights and benefits in relation to the Belgian Keep Well Agreement, and a clearing services agreement dated 1st September, 2017 (as amended and supplemented from time to time, the "**Clearing Services Agreement**") between KECC, the National Bank of Belgium (the "**NBB**") and Citibank Europe Plc as the Domiciliary Agent.

Interest bearing Definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the "**Conditions**"). References herein to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference herein to "**Noteholders**" or "**holders**" in relation to any Notes shall mean (in the case of Definitive Bearer Notes) the holders of the Notes and (in the case of Definitive Registered Notes) the persons in whose name the Notes are registered and (in the case of Dematerialised Notes) the persons evidenced as holding the Notes by the book-entries in the records of the NBB-SSS (as defined below) or a participant or sub-participant of the NBB-SSS and shall, in relation to any Notes represented by a Global Note, be construed as provided below. 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 Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes 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, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders are entitled to the benefit of the amended and restated deed of covenant (as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 31st August, 2018 and made by KL, KFAI and KECC. The original of the Deed of Covenant is held by a common depositary on behalf of Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement, the U.S. Keep Well Agreement, the Belgian Keep Well Agreement, the Belgian Deed Poll and the Deed of Covenant are available for inspection during normal business hours at the specified offices of each of the Fiscal Agent and the other Paying Agents or the Domiciliary Agent. Copies of the applicable Final Terms are available for viewing at the registered office of the relevant Issuer and copies are obtainable during normal business hours at the specified office of each of the Fiscal Agent and the other Paying Agents or the Domiciliary Agent save that, if this Note is an unlisted Note, the applicable Final Terms will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Issuer and Paying Agent or Domiciliary Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the U.S. Keep Well Agreement, the Belgian Keep Well Agreement, the applicable Final Terms, the Deed of Covenant and the Belgian Deed Poll which are applicable to them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms 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 Final Terms, the applicable Final Terms will prevail.

1. Form, Denomination and Title

In the case of the Notes issued by KL or KFAI, such Notes are issued in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the applicable Final Terms. In the case of the Notes issued by KECC, such Notes are issued in dematerialised form in the Specified Currency and Specified Denomination(s) set out in the applicable Final Terms. To the extent Notes issued by KECC are concerned, the NBB-SSS exclusively clears securities denominated in any currency the euro foreign exchange reference rate of which is published by the European Central Bank. Notes issued by KFAI and KECC must at all times have a minimum denomination of EUR100,000 (or its equivalent in any other currency as determined by relevant Dealer(s) as at the date of issue of such Notes) and be in multiples of EUR100,000.

Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Notes in bearer form may not be exchanged for Notes in registered form and *vice versa*. Notes in dematerialised form may not be exchanged for Notes in bearer form and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable. Subject as set out below, title to Definitive Bearer Notes and Coupons will pass by delivery and title to Definitive Registered Notes will pass upon registration of transfers in the Register (as defined in Condition 6(d)) which is kept by the Registrar in accordance with the provisions of the Agency Agreement. Any holder of a Coupon, whether or not such Coupon is attached to this Note, in their capacity as such, shall be subject to and bound by all the provisions contained in this Note. The Issuer, the Replacement Agent (as defined in the Agency Agreement) and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any Definitive Bearer Note or Coupon and the registered holder of any Definitive Registered Note 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 Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes issued by KL and/or KFAI is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A., a public limited liability company (*société anonyme*) organised and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 42, Avenue J.F. Kennedy, L-1855 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 9248 ("**Clearstream, Luxembourg**"), each person (other than (i) in the case of Euroclear, where such person is Clearstream, Luxembourg and (ii) in the case of Clearstream, Luxembourg, where such person is Euroclear) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Fiscal Agent, the Registrar, the Transfer Agents and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Fiscal Agent, the Registrar, any Transfer Agent and any other Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

The Notes issued by KECC are in dematerialised form. Dematerialised Notes are issued via a book-entry system maintained in the records of the NBB as operator of the securities settlement system operated by the NBB or any successor thereto (the "**NBB-SSS**") in accordance with Article 468 *et seq.* of the Belgian Companies Code. The Dematerialised Notes can be held by their holders through the participants in the NBB-SSS, including Euroclear, Clearstream, Luxembourg, SIX SIS AG ("**SIX SIS**"), Monte Titoli S.p.A. ("**Monte Titoli**") or other participants of the NBB-SSS, and through other financial intermediaries which in turn hold the Dematerialised Notes through Euroclear, Clearstream, Luxembourg or other participants in the NBB-SSS. The Dematerialised Notes are accepted for clearance through the NBB-SSS, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian law of 6th August, 1993 on transactions in certain securities, its implementing Belgian royal decrees of 26th May, 1994 and 14th June, 1994 (each as amended or re-enacted or as their application is modified by other provisions from time to time) and the rules of the NBB-SSS and the annexes thereto, as issued or modified by the NBB from time to time. Title to the Dematerialised Notes will pass by account transfer.

Except as ordered by a court of competent jurisdiction or as required by law, each person evidenced as holding the Note by the book-entry system maintained in the records of the NBB-SSS shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it and no person shall be liable for so treating the holder.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or NBB-SSS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. Transfers of Registered Notes

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing system acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Registered Notes or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear and/or Clearstream, Luxembourg and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for Euroclear or Clearstream, Luxembourg shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of Euroclear or Clearstream, Luxembourg, or to a successor of Euroclear or Clearstream, Luxembourg or such successor's nominee.

2.2 Transfers of Definitive Registered Notes

Subject as provided in Condition 2.5 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) 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 (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) 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 business days (being for this purpose 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 Note of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be authenticated and delivered at the specified office to the transferor or (at the risk of the transferor) sent by uninsured mail to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the relevant Issuer shall not be required to register the transfer of any Definitive Registered Note, or part of a Definitive Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the relevant 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.

2.5 Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered during the period of (i) 15 days ending on (and including) the due date for redemption of that Note and (ii) during the period of seven days ending on (and including) any Record Date.

2.6 Exchanges and Transfers of Definitive Registered Notes generally

Holders of Definitive Registered Notes may exchange such Notes for interests in a Registered Global Note of the same type at any time.

3. Status of the Notes

The Notes and the relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

4. Negative Pledge

The Issuer will not, so long as any of the Notes remain outstanding (as defined in the Agency Agreement), create or permit to be outstanding, any mortgage, charge, pledge or other security interest upon the whole or any part of its property, assets or revenues, present or future, to secure (i) payment of any sum due in respect of any Relevant Securities (as defined below) or (ii) payment under any guarantee of any Relevant Securities or (iii) any payment under any indemnity or other like obligations relating to any Relevant Securities, unless in each case at the same time the Notes are secured equally and rateably so as to rank *pari passu* with such Relevant Securities or such guarantee or indemnity or other like obligations. For the purposes of the foregoing provision, "**Relevant Securities**" means any indebtedness in the form of, or represented by, bonds, notes, debentures or other similar securities (with a stated maturity of more than one year from the creation thereof) which (i) are either by their terms payable, or confer a right to receive payment in any currency other than the currency of the Issuer's jurisdiction or denominated in the currency of the Issuer's jurisdiction and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside the Issuer's jurisdiction by or with the authorisation of the Issuer or (as the case may be) the other person being the principal debtor in respect thereof and (ii) are for the time being, or are intended to be, quoted, listed or ordinarily dealt in or traded on any stock exchange or on an over-the-counter or other securities market.

5. Interest

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

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

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

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

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

(i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note 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 this Condition 5(a), "**Day Count Fraction**" means:

(i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms;

(a) in the case of Notes 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 during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(2) 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; and

(ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) 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.

In these Terms and Conditions:

"**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); and

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

(b) ***Interest on Floating Rate Notes***

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an

"**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

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

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

(1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; *provided that* the Floating Rate Convention may not be used for any Notes issued by KECC;

(2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day;

(3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; *provided that* the Modified Following Business Day Convention may not be used for any Notes issued by KECC; or

(4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, "**Business Day**" means a day which is:

(x) in the case of Notes issued by KL or KFAI, 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 Final Terms; and

(B) (1) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively), (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open. In these Terms and Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System, or (3) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are generally open for business and settle Renminbi payments in Hong Kong and are not authorised or obligated by law

or executive order to be closed, provided that in relation to Notes in dematerialised form, a Business Day must also be a day on which the NBB-SSS is open for operations; or

(y) in the case of Notes issued by KECC, (1) a day other than a Saturday or Sunday on which the NBB-SSS is operating, (2) a day on which banks and foreign exchange markets are open for general business in Belgium, and (3) (if a payment in euro is to be made on that day), a day on which the TARGET2 System is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

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

(1) the Floating Rate Option is as specified in the applicable Final Terms;

(2) the Designated Maturity is a period specified in the applicable Final Terms; and

(3) the relevant Reset Date is the day as specified in the applicable Final Terms.

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

(B) *Screen Rate Determination for Floating Rate Notes*

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

(1) the offered quotation; or

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

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR, LIBID, LIMEAN, EURIBOR, TIBOR or BBSW, as specified in the applicable Final Terms) 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 specified in the applicable Final Terms, as at, in the case of LIBOR, LIBID, LIMEAN, EURIBOR and TIBOR, 11.00 a.m. (Relevant Financial Centre time), in the case of BBSW, 10.30 a.m. (Relevant Financial Centre time) and on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal Agent. If five or more of such offered quotations are available on the Relevant Screen Page, as specified in the applicable Final Terms, 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 Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 5(b)(ii)(B)(1), no offered quotation appears or, in the case of Condition 5(b)(ii)(B)(2), fewer than three offered quotations appear, in the case of LIBOR, LIBID, LIMEAN, EURIBOR and TIBOR, as at 11.00 a.m. (Relevant Financial Centre time), and in the case of BBSW, 10.30 a.m. (Relevant Financial Centre time), the Fiscal Agent shall request each of the Reference Banks to provide the Fiscal Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate, in the case of LIBOR, LIBID, LIMEAN, EURIBOR and TIBOR, at approximately 11.00 a.m. (Relevant Financial Centre time), and in the case of BBSW, 10.30 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Fiscal Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Fiscal Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Fiscal Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Fiscal Agent by the Reference Banks or any two or more of them, at which such banks were offered, in the case of determination of LIBOR, LIBID, LIMEAN, EURIBOR and TIBOR, at approximately 11.00 a.m. (Relevant Financial Centre time), and in the case of determination of BBSW, at approximately 10.30 a.m. (Relevant Financial Centre time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR, LIBID and LIMEAN); or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR); or the Tokyo inter-bank market (if the Reference Rate is TIBOR); or the financial institutions authorised to quote on the Reuters Screen BBSW page (if the Reference Rate is BBSW), in each case, plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Fiscal Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, in the case of determination of LIBOR, LIBID, LIMEAN, EURIBOR and TIBOR, at approximately 11.00 a.m. (Relevant Financial Centre time), and in the case of determination of BBSW, at approximately 10.30 a.m. (Relevant Financial Centre time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the relevant Issuer suitable for the purpose) informs the Fiscal Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR, LIBID and LIMEAN) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Tokyo inter-bank market (if the Reference Rate is TIBOR); or the financial institutions authorised to quote on the Reuters Screen BBSW page (if the Reference Rate is BBSW), in each case, plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In these Terms and Conditions:

"Reference Banks" means, in the case of a determination of LIBOR, LIBID and LIMEAN, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market, in the case of a determination of TIBOR, the principal Tokyo office of ten major banks in the Tokyo inter-bank market and, in the case of determination of BBSW, the financial institutions authorised to quote on the Reuters Screen BBSW page, in each case as specified in the applicable Final Terms.

(C) *Benchmark Replacement*

In addition, notwithstanding the provisions above in Condition 5(b)(ii)(B), if the relevant Issuer determines that the relevant Reference Rate specified in the relevant Final Terms has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

(i) the relevant Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the **"Interest Determination Cut-off Date"**), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

(ii) if the relevant Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the Interest Determination Cut-off Date, such Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(b)(ii)(C)); provided, however, that if sub-paragraph (ii) applies and the relevant Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the sum of the Margin and Issue Date Reference Rate specified in the Final Terms); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(b)(ii)(C);

(iv) if the Independent Adviser or the relevant Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the relevant Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, and/or the

definition of Reference Rate applicable to the Notes, and the method for determining the fall-back rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the relevant Issuer) or the relevant Issuer (as applicable), determines that an Adjustment Spread (as defined below) is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the relevant Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the relevant Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(b)(ii)(C). Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Fiscal Agent (if required); and

(v) the relevant Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Noteholders and the Fiscal Agent, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable), and any consequential changes made to these Conditions.

For the purposes of this Condition 5(b)(ii)(C):

"**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the relevant Issuer) or the relevant Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body;

(ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the relevant Issuer) or the relevant Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which referenced the Reference Rate, where such Reference Rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the relevant Issuer) or the relevant Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

"**Alternative Reference Rate**" means the rate that the Independent Adviser or the relevant Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency

and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the relevant Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the relevant Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the relevant Issuer at its own expense;

"**Relevant Nominating Body**" means, in respect of a reference rate:

(i) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the relevant Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

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

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

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

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Fiscal Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Fiscal Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note 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.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5(b):

(i) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period 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);

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, 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;

(iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D2 will be 30; and

"D_2" 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 D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D_2" 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 D2 will be 30; and

(vii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" 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 D1 will be 30; and

"D_2" 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 D2 will be 30.

(v) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Fiscal Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Fiscal Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vi) *Notification of Rate of Interest and Interest Amounts*

The Fiscal Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth 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 be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. 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 in London.

(vii) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether, by the Fiscal Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) ***Accrual of Interest***

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

(i) the date on which all amounts due in respect of such Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 or individually.

6. Payments

(a) ***Method of Payment***

Subject as provided below:

(i) payments in a Specified Currency other than euro and Renminbi 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 (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and

(iii) payments in Renminbi will be made by credit or transfer to a Renminbi account specified by the payee with a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong).

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue

Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any laws, rules or regulations implementing an intergovernmental approach thereto.

(b) *Payments in Respect of Definitive Bearer Notes and Coupons*

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (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, its territories and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the 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 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter. Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

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

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note in accordance with the first paragraph of this Condition 6(b).

(c) *Payments in Respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Bearer Global Note in the case of a Bearer Global Note, against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by such Paying Agent to which it was presented.

(d) *Payments in Respect of Definitive Registered Notes and Registered Global Notes*

Payments of principal in respect of each Definitive Registered Note and each Registered Global Note will be made against presentation and surrender (or, in the case of part payment of any sum due, notation in the Register (as defined below)) of the Definitive Registered Note or Registered Global Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note

appearing in the register of holders of the Notes in registered form maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on (in the case of payments other than in Renminbi) the third or (in the case of payments in Renminbi) fifth business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, except in the case of payments in Renminbi, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro or Renminbi) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne or Wellington, respectively), (in the case of a payment in euro) any bank which processes payments in euro, and (in the case of a payment in Renminbi) a bank in Hong Kong.

Payments of interest other than in Renminbi in respect of each Definitive Registered Note and each Registered Global Note 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 Note in registered form appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at his address shown in the Register on the Record Date and at his risk. In cases of payments other than in Renminbi, upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Note in registered form, the payment may be, and in the case of payments in Renminbi, payments will 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) in respect of the Notes in registered form 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 Note in registered form on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

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

Neither the Issuer nor any of 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 Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) *Payments in Respect of Notes Issued by KECC*

Payments of principal and interest (if any) in respect of any Note issued by KECC of which the Specified Currency is euro shall be made in accordance with the rules of the NBB-SSS through the NBB. The payment obligations of KECC will be discharged to the extent of any payment made by it to the NBB. Payments of principal and interest (if any) in respect of any Note issued by KECC of which the Specified Currency is a currency other than euro shall be made in accordance with the rules of the NBB-SSS through Euroclear, Clearstream, Luxembourg, SIX SIS, Monte Titoli and the other participants in the NBB-SSS recorded in the NBB-SSS as holding interests in the Notes, and any payment so made will constitute good discharge for KECC. No commissions or expenses shall be charged to the Noteholders by KECC or the Agent in respect of such payments.

(f) *General Provisions Applicable to Payments*

(i) *General Provisions*

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

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Definitive Bearer Notes or Bearer Global Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes 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 Notes 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, adverse tax consequences to the Issuer.

(ii) *Payment of U.S. Dollar Equivalent*

Notwithstanding the foregoing provisions of these Conditions, with respect to Renminbi Notes (as defined below), if by reason of Renminbi Inconvertibility, Renminbi Non-transferability or Renminbi Illiquidity (each as defined below), the Issuer is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in Hong Kong, the Issuer may, on giving not less than five or more than 30 calendar days' irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent (as defined below) of any such Renminbi-denominated amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(f)(ii) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and all Noteholders.

In these Conditions:

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

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC;

"PRC" means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"Renminbi" means the lawful currency of the PRC;

"**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

"**Renminbi Illiquidity**" means where the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers;

"**Renminbi Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into Renminbi on any payment date at the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date of the relevant Final Terms and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Renminbi Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date of the relevant Final Terms and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Renminbi Notes**" means Notes denominated in Renminbi;

"**Spot Rate**" means, for a Rate Calculation Date, the spot RMB/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over the counter Renminbi exchange market in Hong Kong as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the spot rate at or around 11 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available RMB/U.S. dollar official fixing rate for settlement on the due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate; and

"**U.S. Dollar Equivalent**" means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date.

(g) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which, subject to Condition 9, is:

(x) in respect of Notes issued by KL or KFAI:

(i) 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 Notes in definitive form only, the relevant place of presentation; and

(B) each Additional Financial Centre specified in the applicable Final Terms; and

(ii) (1) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency which, if the Specified Currency is Australian dollars, shall be Sydney, and if the Specified Currency is New Zealand dollars, shall be Auckland, (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open, or (3) in relation to any sum payable in Renminbi, 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) and settle Renminbi payments in Hong Kong; or

(y) in respect of Notes issued by KECC, (1) a day other than a Saturday or Sunday on which the NBB-SSS is operating, (2) a day on which banks and foreign exchange markets are open for general business in Belgium, and (3) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(h) *Interpretation of Principal and Interest*

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

(i) any additional amounts which may be payable with respect to principal under Condition 8;

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amount(s) (if any) of the Notes;

(v) in relation to Zero Coupon Notes, the Amortised Face Amount as defined in Condition 7(f); and

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

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. Redemption and Purchase

(a) *At Maturity*

Unless previously redeemed or purchased, and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

(b) *Redemption for Tax Reasons*

Subject to Condition 7(f), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Note is not a Floating Rate Note) or on any Interest Payment Date (if the Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in the case of Notes issued by KECC, the Domiciliary Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the jurisdiction in which the Issuer is incorporated or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and

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

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Fiscal Agent and, in the case of Notes issued by KECC, the Domiciliary Agent (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

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

(c) *Special Tax Redemption in Relation to the Notes Issued by KFAI*

Where the Issuer is KFAI, if the Issuer shall determine that any payment made outside the United States by the Issuer or any of its paying agents in respect of any Note or Coupon would, under any present or future laws or regulations of the United States, be subject to any certification, documentation, information or other reporting requirement of any kind the effect of which requirement is the disclosure to the Issuer, any paying agent or any governmental authority of the nationality, residence or identity of a beneficial owner of such Note or Coupon who is a United States Alien (other than a requirement (i) that would not be applicable to a payment by the Issuer or any one of its paying agents (A) directly to the beneficial owner or (B) to a custodian, nominee or other agent of the beneficial owner, (ii) that can be satisfied by such custodian, nominee or other agent certifying to the effect that the beneficial owner is a United States Alien, (iii) imposed pursuant to Sections 1471 through 1474 of the Code, or any regulations or agreements thereunder, official interpretations thereof, or any laws, rules or regulations implementing an intergovernmental approach thereto provided that, in any case referred to in clauses (i) (B) or (ii), payment by the custodian, nominee or agent to the beneficial owner is not otherwise subject to any such requirement or (iv) that would not be applicable to a payment by at least one paying agent of the Issuer), the Issuer shall at its option either (X) redeem the Notes in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), at a price equal to the Early Redemption Amount, together, if appropriate, with interest accrued to (but excluding) the date of redemption or (Y) if the conditions of the next succeeding paragraph are satisfied, pay the additional amounts specified in such paragraph. The Issuer shall make such determination as soon as practicable and publish prompt notice thereof (the "**Determination Notice**") stating the effective date of such certification, documentation, information or other reporting requirement, whether the Issuer will redeem the Notes or pay the additional amounts specified in the next succeeding paragraph, and (if applicable) the last date by which the redemption of the Notes must take place, as provided in the next succeeding sentence. If the Notes are to be redeemed pursuant to this paragraph, such redemption shall take place on such date, not later than one year after the publication of the Determination Notice, as the Issuer shall elect by notice to the Fiscal Agent at least 45 days before the date fixed for redemption. Notice of such redemption of the Notes will be given to the holders of the Notes not more than 60 nor less than 30 days prior to the date fixed for redemption by publication in accordance with Condition 14. Notwithstanding the foregoing, the Issuer shall not so redeem the Notes if the Issuer shall subsequently determine, not less than 30 days prior to the date fixed for redemption, that subsequent payments on the Notes and Coupons would not be subject to any such certification, documentation, information or other reporting requirement, in which case the Issuer shall give prompt notice of such subsequent determination by publication in accordance with Condition 14 and any earlier redemption notice shall be revoked and of no further effect.

Notwithstanding the foregoing, if and so long as the certification, documentation, information or other reporting requirement referred to in the preceding paragraph would be fully satisfied by payment of a backup withholding tax or similar charge, the Issuer may elect to pay as additional interest such additional amounts as may be necessary so that every net payment made outside the United States following the effective date of such requirement by the Issuer or any of its paying agents in respect of any Note or any Coupon of which the beneficial owner is a United States Alien (but without any requirement that the nationality, residence or identity, other than status as a United States Alien, of such beneficial owner be disclosed to the Issuer, any paying agent or any governmental authority), after deduction or withholding

for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge that (i) would not be applicable in the circumstances referred to in the first parenthetical clause of the first sentence of the preceding paragraph, or (ii) is imposed as a result of the presentation of such Note or Coupon for payment more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurred later), will not be less than the amount provided for in such Note or Coupon to be then due and payable. If the Issuer elects to pay additional amounts pursuant to this paragraph, the Issuer shall have the right to redeem the Notes in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes), or on any Interest Payment Date (in the case of Floating Rate Notes), subject to the provisions of the last two sentences of the immediately preceding paragraph. If the Issuer elects to pay additional amounts pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then the Issuer shall redeem the Notes pursuant to the provisions of the immediately preceding paragraph.

For the purposes of this Condition 7(c), the terms "**United States**" and "**United States Alien**" have the meanings as defined in Condition 8(b).

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

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given:

(i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal Agent and, in the case of a redemption of Dematerialised Notes, the Domiciliary Agent, and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") (i) in the case of Dematerialised Notes, will be selected in accordance with the rules of the NBB-SSS, in each case not more than 30 days prior to the date fixed for redemption, and (ii) in the case of Notes other than Dematerialised Notes, will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (d) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

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

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of such Note, the holder of such Note must, if such Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), at any time during normal business hours of such Paying Agent 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 Condition 7 accompanied by such Note or evidence satisfactory to the Paying Agent concerned that such Note will, following delivery of the Put Notice, be held to its order or under its control and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If such Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of such Note the holder of such Note must, within the notice period, give notice to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time. In the case of Dematerialised Notes, to exercise the right to require redemption of such Note the holder of such Note must, within the notice period, give notice to the Domiciliary Agent of such exercise in accordance with the standard procedures of NBB-SSS (which may include notice being given on his instruction by NBB-SSS by electronic means) in a form acceptable to NBB-SSS from time to time.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(f) *Early Redemption Amounts*

For the purpose of Condition 7(b) above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

(i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at their nominal amount; or

(iii) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

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

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is the Day Count Fraction specified in the applicable Final Terms 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 Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (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 Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator 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 Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

(g) *Purchases*

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

(h) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7(g) above (together with all unmatured Coupons and Talons cancelled therewith) shall (unless they are Dematerialised Notes) be forwarded to the Fiscal Agent and (in call cases) cannot be reissued or resold.

(i) *Late Payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 7(a), (b), (c), (d) or (e) above or upon it becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7(f)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent (in the case of Bearer Notes), the Domiciliary Agent (in the case of Dematerialised Notes) or the Registrar (in the case of Registered Notes), and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. Taxation

(a) *Where the Issuer is KL*

Where the Issuer is KL, all payments of principal and interest by the Issuer in respect of the Notes 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 Japan, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. If such deduction or withholding is so required, the Issuer will pay such additional amounts as will result in the receipt by the holders of the Notes or Coupons of the amount which would otherwise have been payable in respect of the Notes or Coupons; provided that no such additional amount shall be payable with respect to any Note or Coupon presented for payment:

(i) by or on behalf of a Noteholder or Couponholder that is (A) for Japanese tax purposes, an individual resident of Japan or a Japanese corporation (except for (x) a Japanese financial institution designated in Article 6, paragraph (9) of the Act on Special Measures Concerning Taxation of Japan, (Act No. 26 of 1957, as amended, the "**Special Taxation Act**") (a "**Designated Financial Institution**") who complies with the requirement to provide certain information prescribed by the Special Taxation Act and the cabinet order (Cabinet Order No. 43 of 1957, as amended, the "**Cabinet Order**") thereunder, as amended, or to submit a written application for tax exemption (*Hikazei Tekiyo Shinkokusho*) or (y) an individual resident of Japan or a Japanese corporation who duly notifies (directly or through the participant or otherwise) the relevant payment handling agent in Japan as defined in Article 2-2, paragraph (2) of the Cabinet Order relating to Article 3-3 of the Special Taxation Act of its status as exempt

from such taxes to be withheld or deducted by the Issuer by reason of such resident of Japan or Japanese corporation receiving interest on the relevant Notes through a payment handling agent in Japan appointed by it), (B) an individual non-resident of Japan or a non-Japanese corporation and is subject to such taxes, duties, assessments or governmental charges by reason of its (a) being connected with Japan otherwise than merely by holding or ownership of the Note or Coupon or by the receipt of principal or interest in respect of such Note or Coupon or (b) being a person having a special relationship with the issuer of the Notes as described in Article 6, paragraph (4) of the Special Taxation Act (a "**specially-related person of KL**"), or (C) an individual non-resident of Japan or a non-Japanese corporation who has failed to comply with applicable certification, documentation, information or other reporting requirements concerning the nationality, residence, identity or connection with Japan of the holder or beneficial owner of the Note;

(ii) where the amount of interest on such note or coupon is to be calculated by reference to certain indices (as prescribed by the Cabinet Order relating to Article 6, paragraph (4) of the Special Taxation Act) relating to KL or a specially-related person of KL, except where the recipient of interest is a Designated Financial Institution as described in preceding Item (i)(A); or

(iii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such 30-day period assuming that day to have been a Payment Day (as defined in Condition 6(g)).

(b) *Where the Issuer is KFAI*

Where the Issuer is KFAI, the Issuer will, subject to the exceptions and limitations set forth below, pay as additional interest on a Note such additional amounts as are necessary in order that the net payment by the Issuer or any Paying Agent of the principal of and interest on a Note or Coupon to a holder who is a United States Alien (as such term is defined below), after deduction for any present or future tax, duty, assessment or governmental charge of the United States (as such term is defined below), or a political subdivision or authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount provided for in such Note or such Coupon to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts shall not apply to:

(i) any tax, assessment or governmental charge that would not have been so imposed but for the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or holder of power over, such holder, if such holder is an estate, trust, partnership or corporation) and the United States, including, without limitation, such holder (or fiduciary, settlor, beneficiary, member, shareholder or holder of a power) being considered as:

(A) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment therein;

(B) having a current or former relationship with the United States, including a relationship as a citizen or resident or being treated as a resident thereof;

(C) being or having been a controlled foreign corporation, a passive foreign investment company, a corporation that has accumulated earnings to avoid United States Federal income tax or a private foundation or other tax-exempt organisation; or

(D) an actual or a constructive "**10 per cent. shareholder**" of the Issuer as defined in Section 871(h)(3) of the Code or a bank that is described in Section 881(c)(3)(A) of the Code;

(ii) any holder who is a fiduciary or partnership or other than the sole beneficial owner of the Note or Coupon, but only to the extent that a beneficiary or settlor with respect to such fiduciary or member of such partnership or a beneficial owner of the Note or Coupon would not have been entitled to the payment of an additional amount had such beneficiary, settlor, member or beneficial owner been the holder of such Note or Coupon;

(iii) any tax, duty, assessment or governmental charge that would not have been imposed or withheld but for the failure of the holder, if required, to comply with certification, identification or information reporting requirements under United States income tax laws, without regard to any tax treaty, with respect to the payment, concerning the nationality, residence, identity or connection with the United States of the holder or a beneficial owner of such Note or Coupon, if such compliance is required by United States income tax laws, without regard to any tax treaty, as a precondition to relief or exemption from such tax, assessment or governmental charge;

(iv) any tax, assessment or other governmental charge that would not have been imposed but for a failure by the holder or beneficial owner of the Notes (or any financial institution through which the holder or beneficial owner holds the Notes or through which payment on the Notes is made) to enter into or comply with any applicable certification, documentation, information or other reporting requirement or agreement concerning United States accounts maintained by the holder or beneficial owner (or any such financial institution), including by reason of holding the Notes, or concerning United States ownership of the holder or beneficial owner (or any such financial institution), or any substantially similar requirement or agreement, if entering into or complying with such requirement or agreement is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;

(v) any tax, duty, assessment or governmental charge that would not have been so imposed or withheld but for the presentation by the holder of such Note or Coupon for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(vi) any estate, inheritance, gift, sales, transfer, excise, wealth or personal property tax or any similar tax, duty, assessment or governmental charge;

(vii) any tax, duty, assessment or governmental charge that is payable otherwise than by withholding by the Issuer or a Paying Agent from the payment of the principal of or interest on such Note or Coupon;

(viii) any tax, duty, assessment or governmental charge required to be withheld by any Paying Agent from such payment of principal of or interest on any Note, if such payment can be made without such withholding by any other Paying Agent; or

(ix) any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii);

provided, further, that no such additional amount shall be payable with respect to any Note or Coupon presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such 30-day period assuming that day to have been a Payment Day (as defined in Condition 6(g)).

As used in this Condition, "**United States**" means the United States of America (including the States and the District of Columbia), Puerto Rico and each possession of the United States of America and place subject to its jurisdiction. The term "**U.S. Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States, any state of the United States or the District of Columbia, other than a partnership that is not treated as a United States person under any applicable Treasury regulation, or an estate the income of which is subject to U.S. federal income tax regardless of its source of income, or a trust if a court within the United States is able to exercise primary supervision of the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, certain trusts in existence on 20th August, 1996 and treated as U.S. Persons prior to such date that elect to continue to be treated as U.S. Persons shall be considered U.S. Persons as well. The term "**United States Alien**" means a person other than a U.S. Person.

(c) *Where the Issuer is KECC*

Where the Issuer is KECC, all payments of principal and interest by the Issuer in respect of such Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever

nature imposed, levied, collected, withheld or assessed by or on behalf of Belgium or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(i) *Other connection*: to a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note;

(ii) *Payment to individuals*: where such withholding or deduction is imposed on a payment to an individual and is required to be made;

(iii) *Non-Eligible Investor*: to a Noteholder, who at the time of issue of the Notes, was not an eligible investor within the meaning of Article 4 of the Belgian Royal Decree of 26th May, 1994 on the deduction of withholding tax or to a Noteholder who was such an eligible investor at the time of issue of the Notes but, for reasons within the Noteholder's control, either ceased to be an eligible investor or, at any relevant time on or after the issue of the Notes, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6th August, 1993 relating to transactions in certain securities; or

(iv) *Conversion into registered securities*: to a Noteholder who is liable to such taxes, duties or assessments or governmental charges because the Notes were upon its request converted into Notes in registered form and could no longer be cleared through the NBB-SSS.

(d) ***Relevant Date***

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent (in the case of Bearer Notes or Dematerialised Notes) or the Registrar (in the case of Registered Notes) on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

(e) ***FATCA***

For the avoidance of doubt, and the purposes of paragraphs (a), (b) and (c) above, no additional amounts will be paid by KL, KFAI or KECC on account of any deduction or withholding from a payment on, or in respect of, the Notes, Coupons or Talons where such deduction or withholding is imposed pursuant to Sections 1471 through 1474 of the Code, or any regulations or agreements thereunder, official interpretations thereof, or any laws, rules or regulations implementing an intergovernmental approach thereto, as provided in Condition 6(a).

9. Prescription

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) 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 Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. Events of Default

If any one or more of the following events (each an "**Event of Default**") shall occur and be continuing:

(i) default is made for more than seven days in the payment of principal due in respect of any of the Notes when and as the same ought to be paid in accordance with these Conditions;

(ii) default is made for more than 14 days in the payment of interest due in respect of any of the Notes when and as the same ought to be paid in accordance with these Conditions;

(iii) default is made in the performance or observance by the Issuer of any other obligation under the Notes and such default continues for a period of 30 days after written notification requiring such default to be remedied has been given to the Issuer by any Noteholder;

(iv) any bonds, debentures, notes or other instruments of indebtedness or any other indebtedness by way of loan, other than the Notes, (hereinafter individually and collectively called **"Indebtedness"**) of the Issuer or (where KL is not the Issuer) KL having a total outstanding principal amount of at least U.S.$5,000,000 (or its equivalent in any other currency or currencies) shall be accelerated as a result of a default in respect of the terms thereof or the Issuer or (where KL is not the Issuer) KL defaults in the repayment of any such Indebtedness at the maturity thereof or at the expiration of any applicable grace period therefor as originally provided (or, in the case of Indebtedness due on demand, defaults in the payment of such Indebtedness on demand or at the expiration of any applicable grace period therefor as originally provided) or any guarantee or indemnity in respect of any Indebtedness of others having a total outstanding principal amount of at least U.S.$5,000,000 (or its equivalent in any other currency or currencies) given by the Issuer or (where KL is not the Issuer) KL shall not be honoured when due and called upon or at the expiration of any applicable grace period therefor as originally provided;

(v) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer or (where KL is not the Issuer) KL be wound up or dissolved except, in any case, for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction the terms whereof have previously been approved by an Extraordinary Resolution of the Noteholders and except (where KL is not the Issuer) for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction under which the continuing entity effectively assumes the entire obligations of the Issuer under the Notes, Coupons, the amended and restated programme agreement dated 31st August, 2018 (the **"Programme Agreement,"** which such expression shall mean the same as it may from time to time be amended, supplemented or restated) and made among the Issuer, the other issuers named therein and the dealers named therein, the Agency Agreement and the related Keep Well Agreements;

(vi) possession is taken on behalf of an incumbrancer, or a receiver is appointed, of the whole or a material part of the assets or undertaking of the Issuer or (where KL is not the Issuer) of KL;

(vii) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Issuer or (where KL is not the Issuer) KL which is material in its effect upon the operations of the Issuer or (where KL is not the Issuer) KL or which is not discharged within 30 days thereof;

(viii) the Issuer or (where KL is not the Issuer) KL stops payment (within the meaning of Japanese or other applicable bankruptcy law) or (otherwise than for the purposes of such consolidation, amalgamation, merger or reconstruction as is referred to in sub-paragraph (v)) ceases or through an official action of the Board of Directors or other governing entity of the Issuer or (where KL is not the Issuer) KL threatens to cease to carry on business;

(ix) proceedings shall have been initiated against the Issuer or (where KL is not the Issuer) KL under any applicable bankruptcy, reorganisation, composition or insolvency law and such proceedings shall not have been discharged or stayed within a period of 45 days;

(x) the Issuer or (where KL is not the Issuer) KL shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, reorganisation, composition or insolvency law or make a conveyance or assignment for the benefit of, or enter into any composition with, its creditors in general; or

(xi) (where the Issuer is KFAI) the U.S. Keep Well Agreement, or (where the Issuer is KECC either) the Belgian Keep Well Agreement or the Belgian Deed Poll is terminated or any provision thereof is amended or waived in circumstances where such amendment or waiver would have an adverse effect on the interests of the Noteholders or, in the case of the U.S. Keep Well

Agreement or the Belgian Keep Well Agreement, is not enforced in a timely manner by the Issuer or, in either case, is breached by KL provided in the case of such non-enforcement or breach that it has an adverse effect on the interests of the Noteholders,

then any Noteholder may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective 14 days after the date of receipt thereof by the Fiscal Agent, declare the nominal amount of, and all interest then accrued on, the Note held by the holder thereof to be forthwith due and payable, whereupon the same shall become forthwith due and payable, without presentment, demand, protest or other notice of any kind unless such Event of Default shall be cured within 14 days after such written notice is received by the Issuer.

For the purpose of Condition 10(iv) above, any Indebtedness which is in a currency other than U.S. dollars may be translated into U.S. dollars at the spot rate for the sale of the U.S. dollars against the purchase of the relevant currency as quoted by the Fiscal Agent on the calendar day in London corresponding to the calendar day on which such premature repayment becomes due or, as the case may be, such default occurs (or, if for any reason such a rate is not available on that day, on the earliest possible date thereafter).

If any Note shall become so repayable, it shall be repaid at its Early Redemption Amount (as defined in Condition 7(f)) together, if appropriate, with accrued interest thereon.

11. Replacement of Notes, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Replacement Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. Fiscal Agent, Paying Agents, Domiciliary Agent, Registrar, Transfer Agents and Calculation Agents

The names of the initial Fiscal Agent, the other initial Paying Agents, the initial Domiciliary Agent, the initial Registrar and the initial Transfer Agent and their initial specified offices are set out below. If any additional Paying Agents and Domiciliary Agent are appointed in connection with any Series, the names of such Paying Agents and Domiciliary Agent will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of the Fiscal Agent, any Paying Agent, Domiciliary Agent, Registrar or Transfer Agent and/or appoint additional or other Fiscal Agent, Paying Agents, Domiciliary Agent, Registrars or Transfer Agents and/or approve any change in the specified office through any of the same acts, provided that:

(i) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Notes in bearer form), a Domiciliary Agent which is a NBB-SSS participant (in the case of Dematerialised Notes) and a Transfer Agent (in the case of Notes in registered form) 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

(ii) there will at all times be a Fiscal Agent, a Domiciliary Agent which is a NBB-SSS participant and a Registrar.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(f)(i). Notice of any variation, termination, appointment or change of an Agent will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

Further, the Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to comply with any requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal

London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

In acting under the Agency Agreement, the Fiscal Agent, the Paying Agents, the Domiciliary Agent, the Registrar or the Transfer Agent act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders 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.

13. Exchange of Talons

On and after the Interest Payment Date, as appropriate, 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 Fiscal 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 Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. Notices

All notices regarding Notes in bearer form will be deemed to be validly given if published in a 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 Bearer Notes issued by KL and KFAI are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding Notes in registered form will be deemed to be validly given if (a) 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 third day after mailing and (b) if and for so long as the Registered Notes 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.

Without prejudice to Article 570 of the Belgian Companies Code, all notices regarding Notes in dematerialised form will be deemed to be validly given if delivered by or on behalf of KECC to the NBB for communication by it to the participants of the NBB-SSS.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes issued by KL, KFAI and KECC are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or NBB-SSS, as the case may be. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Notices to be given by any holder of the Notes (other than Dematerialised Notes) shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes with the Fiscal Agent (in the case of Notes in bearer form) or the Registrar (in the case of Notes in registered form). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Fiscal Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Fiscal Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose. In the case of Dematerialised Notes, notices to be given by any holder of Notes may be given by any holder of a Note to the Domiciliary Agent through the NBB-SSS in such manner as the Domiciliary Agent and the NBB-SSS may approve for this purpose.

In addition to the above publications, with respect to notices for a meeting of Noteholders of KECC, any convening notice for such meeting shall be made in accordance with Article 570 of the Belgian Companies Code, by an announcement to be inserted 15 days prior to the meeting, in the Belgian State Gazette ("*Moniteur belge/Belgisch Staatsblad*") and in one Belgian newspaper with national coverage. Resolutions to be submitted to the meeting must be described in the convening notice. In addition, the convening notice shall specify the procedures in respect of voting on resolutions to be decided by the meeting.

15. Meetings of Noteholders, Modification and Waiver

Without prejudice to the following paragraphs applicable in respect of Notes issued by KECC, the Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal, modifying the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all of the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

(i) any modification (except as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(ii) any modification of the Notes, 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 to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

The following five paragraphs apply only in respect of Notes issued by KECC.

Meetings of Noteholders may be convened to consider matters relating to the Notes, including the modification or waiver of any provision of these Terms and Conditions of the Notes. Any such modification or waiver may be made if sanctioned by an Extraordinary Resolution. For the avoidance of doubt, any such modification shall always be subject to the consent of KECC. For the purpose of this paragraph, an "Extraordinary Resolution" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with these Terms and Conditions and the Belgian Companies Code by a majority of at least 75 per cent. of the votes cast of the Noteholders.

All meetings of Noteholders will be held in accordance with the provisions of the Belgian Companies Code as such provisions may be amended or replaced from time to time. Pursuant to the provisions of the Belgian Companies Code which are applicable on the Issue Date, such a meeting may be convened by the board of directors of KECC or its auditors and shall be convened by KECC upon the request in writing of Noteholders holding not less than one-fifth of the aggregate nominal amount of the outstanding Notes of the relevant Series. A meeting of Noteholders will be entitled to exercise the powers set out in Article 568 of the Belgian Companies Code and generally (subject to the consent of KECC) to modify or waive any provision of the Terms and Conditions of the Notes (including any proposal (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the nominal amount of, or interest on, the Notes, (iii) to change the currency of payment of the Notes, or (iv) to modify the provisions concerning the quorum

required) in accordance with the quorum and majority requirements set out in Article 574 of the Belgian Companies Code, and if required thereunder subject to validation by the court of appeal.

Resolutions duly passed by a meeting of Noteholders of the relevant Series in accordance with these provisions shall be binding on all Noteholders of the relevant Series, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

Convening notices for meetings of Noteholders shall be made in accordance with Article 570 of the Belgian Companies Code, which, as of the date of the Agency Agreement, requires an announcement to be published not less than 15 days prior to the meeting in the Belgian Official Gazette (*Belgisch Staatsblad / Moniteur Belge*) and in a newspaper of national distribution in Belgium. Convening notices shall also be made in accordance with Condition 14.

16. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. Governing Law and Submission to Jurisdiction

(a) *Governing Law*

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with these documents are governed by, and shall be construed in accordance with, English law save that Condition 1 and Condition 15 shall be governed by, and construed in accordance with, Belgian law, in so far as they relate to Notes issued by KECC.

(b) *Submission to Jurisdiction*

(i) Subject to Condition 18(b)(iii) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes 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 Notes and/or the Coupons (a "**Dispute**"), and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(ii) For the purposes of this Condition 18(b), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(iii) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (X) proceedings in any other court with jurisdiction; and (Y) concurrent proceedings in any number of jurisdictions.

(c) *Appointment of Process Agent*

The Issuer appoints Komatsu UK Ltd. at its registered office at Durham Road, Birtley, Chester-le-Street, Co. Durham DH3 2QX, United Kingdom as its agent for service of process, and undertakes that, in the event of Komatsu UK Ltd. ceasing so to act or ceasing to be registered in England, it will appoint another person in England as its agent for service of process in respect of any Disputes.

(d) *Governing Law and Submission to Jurisdiction of U.S. Keep Well Agreement*

The U.S. Keep Well Agreement is governed by, and shall be construed in accordance with, the laws of the State of New York and the parties thereto have submitted therein to the non-exclusive jurisdiction of any New York State or Federal court sitting in The City of New York, County of New York, over any action or proceedings arising in connection with the U.S. Keep Well Agreement to the full extent permitted by applicable laws.

(e) *Governing Law and Submission to Jurisdiction of Belgian Keep Well Agreement and Belgian Deed Poll*

(i) The Belgian Keep Well Agreement and the Belgian Deed Poll and any non-contractual obligations arising out of or in connection with the Belgian Keep Well Agreement and the Belgian Deed Poll are governed by, and shall be construed in accordance with, English law.

(ii) Subject to Condition 18(e)(iv) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Belgian Keep Well Agreement and/or the Belgian Deed Poll, 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 Belgian Keep Well Agreement and/or the Belgian Deed Poll (a "**Dispute**"), and accordingly each of KL and KECC in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(iii) For the purposes of Condition 18(e)(ii) and Condition 18(e)(iv), each of KL and KECC waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(iv) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (X) proceedings in any other court with jurisdiction; and (Y) concurrent proceedings in any number of jurisdictions.

(f) *Waiver of Trial by Jury*

Without prejudice to Conditions 18(b), 18(d) and 18(e), the Issuer waives any right it may have to a jury trial of any claim or cause of action in connection with the Notes and the Coupons. These Conditions may be filed as a written consent to a bench trial.

(g) *Right to Serve Proceedings*

Nothing in this Condition 18 shall affect the right to serve proceedings in any other manner permitted by law.