



INVESTEC BANK plc

(incorporated with limited liability in England and Wales with registered number 489604)

£6,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Prospectus (the "**Programme**"), Investec Bank plc (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed £6,000,000,000 (or the equivalent in other currencies at the date of issue).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 ("**FSMA**") (the "**UK Listing Authority**") for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange).

Each Series (as defined in "*Summary – Method of Issue*") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**"). Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. If the Notes are stated in the applicable Final Terms to be issued in new global note ("**NGN**") form, the temporary Global Notes or, as the case may be, the permanent Global Note (each a "**Global Note**") will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). If the Global Certificates (as defined in "*Summary*") are stated in the applicable Final Terms to be held under the new safekeeping structure ("**NSS**"), the Global Certificates will be registered in the name of and delivered on or prior to the original issue date of the relevant Tranche to the Common Safekeeper.

Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") and Certificates will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depository**"). Interests in a temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent Global Note on or after the date 40 days after the later of the commencement of the offering and the relevant issue date (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership.

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

*The Bank has been assigned the following long-term credit ratings: BBB- by Fitch Ratings Limited ("**Fitch**"), Baa3 by Moody's Investor Service Limited ("**Moody's**") and BBB+ by Global Credit Rating Co. ("**Global Credit Rating**"). Each of Fitch and Moody's is a credit rating agency established and operating in the European Union ("**EU**") and registered in accordance with Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Global Credit Rating is not established in the EU and is not certified under the CRA Regulation and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.*

*In addition, each Tranche (as defined in "*Summary – Method of Issue*") of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Issuer generally. Any credit ratings assigned to an issue of Notes will be specified in the applicable Final Terms. Whether or not each credit rating in relation to a relevant Series of Notes will be (1) issued by a credit rating agency which is established in the EU and registered under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EU but endorsed by a CRA which is established in the EU and registered under the CRA Regulation, or (3) issued by a credit rating agency which is not established in the EU but which is certified under the CRA Regulation, or (4) issued by a credit rating which is not established in the EU and which is not certified under the CRA Regulation and whose rating of the Series of Notes is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation, will be disclosed in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.*

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

Arranger and Dealer

Investec Bank plc

Dated 13 June 2012

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "*Prospectus Directive*") and for the purpose of giving information with regard to the Issuer and its subsidiaries and affiliates taken as a whole (the "*Group*") and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

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

Any person (an "*Investor*") intending to acquire or acquiring any Notes from any person (an "*Offeror*") should be aware that, in the context of an offer to the public as defined in section 102B of the FSMA the Issuer may be responsible to the Investor for the Prospectus under section 90 of the FSMA only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Prospectus for the purposes of section 90 of the FSMA in the context of the offer to the public and, if so, the name of such person. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents, it should seek legal advice. When information relating to the relevant offer requested pursuant to Directive 2003/71/EC (the "*Prospectus Directive*") is not contained in this Prospectus or the relevant Final Terms, it will be the responsibility of the relevant Offeror at the time of such offer to provide the Investor with such information.

This Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "*Relevant Member State*"), will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final Terms which specifies that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. For the purposes of this paragraph only, the expression "*Prospectus Directive*" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and the expression "*2010 PD Amending Directive*" means Directive 2010/73/EU.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*").

Prospective investors considering acquiring any Notes should understand the risks of transactions involving the Notes and should reach an investment decision only after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in this Base Prospectus and the relevant Final

Terms. Prospective investors should consider carefully the risk factors set out under "Risk Factors" in this Base Prospectus.

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

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers, the Trustee and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Notes that are in bearer form for U.S. tax purposes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or, in the case of bearer notes, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")).

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Prospectus, see "*Subscription and Sale*".

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. Regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Dealers or the Trustee to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Trustee accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in "*Summary – Method of Issue*"), the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate

public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to "sterling", "pounds", "£", "pence" and "p" are to the lawful currency of the United Kingdom and references to "U.S.\$" and "U.S. dollars" are to United States dollars.

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SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including any information incorporated by reference. Following the implementation of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, including any information incorporated by reference. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member States, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Words and expressions defined in "Terms and Conditions of the Notes" and "Summary of Provisions relating to the Notes while in Global Form" below shall have the same meaning when used in this description.

Issuer: Investec Bank plc

The Issuer was a private limited company with limited liability incorporated on 20 December 1950 under the Companies Act 1948 and registered in England and Wales under registered number 00489604 with the name Edward Bates & Sons Limited. It changed its name on 24 October 1977 to Allied Arab Bank Limited. On 1 September 1989, it changed its name to Allied Trust Bank Limited, and again changed its name to Investec Bank (UK) Limited on 6 January 1997. On 23 January 2009, it re-registered under the Companies Act 1985 as a public limited company and is now incorporated under the name Investec Bank plc. The Issuer is the main banking subsidiary of Investec plc, which is part of an international banking group with operations in three principal markets: the United Kingdom, Australia and South Africa.

As at 31 March 2011, the Issuer had total assets of GBP18,488,534,000 (GBP16,980,726,000 as at 31 March 2010). For the year ended 31 March 2011, the Issuer had GBP725,488,000 operating profit on total operating income before impairment losses on loans and advances (GBP550,344,000 as at 31 March 2010) and impairment losses on loans and advances of GBP170,554,000 (GBP 133,186,000 as at 31 March 2010).

The principal businesses of the Issuer include Wealth & Investment and Specialist Banking. For more information, see the Registration Document which is incorporated by reference into this Prospectus.

Risk Factors:

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed in the sections headed "*Risk Factors*" on pages 4 to 16 of the Registration Document and pages 7 to 13 below and include the following:

Factors affecting the Issuer's ability to meet its obligations. The Issuer's financial performance is subject to, among other things, inherent risks concerning borrower credit quality, general UK and global economic conditions, general market fluctuations and operational risks.

Risks associated with Notes issued under the Programme. A wide range of Notes may be issued under the Programme. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should have sufficient knowledge and experience to make a meaningful evaluation of the Notes and should have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes.

Risks related to the market generally. Investors should be aware that the Notes may have no established secondary market when issued and one may never develop.

Investors with financial activities denominated principally in a currency other than the currency in which the Notes are denominated will be exposed to exchange rate risks.

Any credit rating assigned to the Notes by independent credit rating agencies may not reflect the potential risks related to the Notes. Potential investors should ensure that they have the legal capacity to invest in the Notes.

Description:	£6,000,000,000 Euro Medium Term Note Programme
Size:	Up to £6,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger and Dealer:	Investec Bank plc The Issuer may from time to time appoint dealers in respect of one or more Tranches. References in this Prospectus to " Dealers " are to such persons that are appointed as dealers in respect of one or more Tranches.
Trustee:	Deutsche Trustee Company Limited
Issuing and Paying Agent:	Deutsche Bank AG, London Branch
Registrar in respect of the Registered Notes:	Deutsche Bank Luxembourg S.A.
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a " Series ") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a " Tranche ") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the " Final Terms ").

- Issue Price:** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
- Form of Notes:** The Notes may be issued in bearer form only ("**Bearer Notes**") in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") or in registered form only ("**Registered Notes**"). Registered Notes will not be exchangeable for Bearer Notes. Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "**Selling Restrictions**" below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "**Global Certificates**".
- Clearing Systems:** Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and any relevant Dealer.
- Initial Delivery of Notes:** On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Global Certificate is to be held under the NSS, the Global Note or the Global Certificate, as the case may be, will be delivered to a Common Safekeeper and registered in the name of such Common Safekeeper (or its nominee) for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not intended to be held under the NSS, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system **provided that** the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and any relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
- Currencies:** Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and any relevant Dealer.
- Maturities:** Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 30 years. Unless otherwise permitted by then current laws, regulations and directives, Subordinated Notes will have a maturity of not less than five years.

Specified Denomination:	Definitive Notes will be in such denominations as may be specified in the relevant Final Terms.
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <p>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or</p> <p>(ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin.</p> <p>Interest periods will be specified in the relevant Final Terms.</p>
Zero Coupon Notes:	Zero Coupon Notes (as defined in " <i>Terms and Conditions of the Notes</i> ") may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in " <i>Terms and Conditions of the Notes</i> ") will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Final Terms.
Credit-Linked Notes:	Payment of principal and/or interest is linked to the credit of a specified entity, entities or basket of reference entities and Notes will be issued on such terms as may be determined by the Issuer and as specified in the applicable Final Terms.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes (as defined in " <i>Terms and Conditions of the Notes</i> ") or of interest in respect of Index Linked Interest Notes (as defined in " <i>Terms and Conditions of the Notes</i> ") will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable.
Redemption by Instalments:	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms and the supplementary prospectus.
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of Notes:	Senior Notes will constitute unsubordinated and unsecured obligations of the Issuer and Subordinated Notes will constitute subordinated obligations of the Issuer all as described in " <i>Terms and Conditions of the Notes – Status</i> ".
Negative Pledge	Applicable to Senior Notes only. See " <i>Terms and Conditions of the Notes Negative Pledge</i> ".
Cross Default:	Applicable to Senior Notes only. See " <i>Terms and Conditions of the Notes – Events of Default</i> ".
Ratings:	<p>Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms. Whether or not each credit rating in relation to relevant Series of Notes will be issued by a credit rating agency established in the EU and registered under the CRA Regulation will be disclosed in the applicable Final Terms. Under the CRA Regulation, certain investors may generally only use a credit rating for regulatory purposes in the EU if the credit rating is issued by a credit rating agency established in the EU and registered in accordance with the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation), unless the credit rating is issued by a credit rating agency operating in the EU before 7 June 2010 which has submitted an application for registration under the CRA Regulation that has not been refused.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Early Redemption:	Except as provided in " <i>Optional Redemption</i> " above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons or upon the occurrence of a hedging disruption. See " <i>Terms and Conditions of the Notes – Redemption, Purchase and Options</i> ".
Withholding Tax:	<p>All payments of principal and interest in respect of the Notes will be made free and clear of withholding or deduction for or on account of taxes imposed by the United Kingdom, unless required by law. In the event that any such withholding or deduction is made, the Issuer will be required to pay additional amounts, subject to customary exceptions.</p> <p>Notwithstanding this, the Issuer shall be permitted to withhold or deduct any amounts as necessary under FATCA withholding and will have no obligation to pay additional amounts or otherwise</p>

indemnify a holder for any FATCA withholding deducted, all as described in "*Terms and Conditions of the Notes – Taxation*".

Governing Law:

English.

Listing and Admission to Trading:

Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the Market or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

**Redenomination,
Renominalisation and/or
Consolidation**

Notes denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be as specified in the relevant Final Terms.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the European Economic Area, the United Kingdom and Japan, see "*Subscription and Sale*".

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.

The Notes that are issued in bearer form for U.S. tax purposes and have a maturity of more than one year will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "**registration required obligations**" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

RISK FACTORS

Prospective investors in the Notes should read the entire Prospectus including all documents incorporated by reference herein and where appropriate the relevant Final Terms.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.

Factors which are material for the purpose of assessing the market risks associated with the Issuer

The Issuer believes that the factors described in the section below and in the "Risk Factors" section on pages 4 to 16 of the Registration Document represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons, which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including the documents incorporated by reference) and reach their own views prior to making any investment decision.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

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

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

Early redemption upon Hedging Event

The Issuer will be entitled to redeem the Notes in whole but not in part upon the occurrence of any event or circumstance that would make it impossible or impracticable for the Issuer or any counterparty of the Issuer to enter or maintain any hedging arrangement that the Issuer deems necessary in respect of the Notes, or that increases the cost to the Issuer or such counterparty (as compared to the cost at the Issue Date) of entering into or maintain such hedging arrangement. Such an early redemption right of the Issuer could arise due to any reason, including but not limited to, any change in applicable law or regulation.

A new Regulation of the European Parliament and of the Council on derivative transactions, central counterparties and trade repositories is expected to enter into force at the end of 2012. This regulation is expected to, *inter alia*, introduce a mandatory requirement to centrally clear certain specified types of derivative transaction and mandate certain risk mitigation requirements in respect of non-cleared trades. If such regulation or any other applicable law is implemented and has the effect of increasing the costs to the Issuer or the Issuer's counterparty in respect of any hedging arrangements in respect of the Notes or makes such arrangements impossible or impracticable in the opinion of the Issuer or the Calculation Agent, an early redemption of the Notes may occur.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency than expected;
- (d) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, prospective investors should consult their own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of their particular circumstances.

Credit-Linked Notes

An investment in Credit-Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include exposure to the credit risk of the particular reference entity or basket of reference entities in addition to that of the Issuer. Depending on the manner in which the particular series of Credit-Linked Notes is linked to the credit of a reference entity or basket of reference entities, a fall in the creditworthiness of a particular reference entity (or where perceptions worsen regarding the creditworthiness of a particular reference entity), may greatly reduce the market value of the related Credit-Linked Notes and any payments of principal or interest then due. If a series of Credit-Linked Notes is linked to a basket of reference entities, a credit deterioration in one reference entity may be strongly correlated with credit deterioration of other reference entities included in the basket, resulting in substantial decreases over a relatively short period of time in the market value of the related Credit-Linked Notes and any payments of principal or interest then due.

In the event of the occurrence of certain circumstances (which may include, amongst other things, Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring or Additional Credit Event) in relation to a Reference Entity or Reference Entities, in each case, as specified in the applicable Final Terms, the Issuer's obligation to pay principal or perform other obligations under the Notes may be replaced by an obligation to pay other amounts calculated by reference to the value of the Reference Item(s) and/or to deliver the Reference Item(s). In addition interest bearing Credit Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstances.

Potential investors in any such Notes should be aware that depending on the terms of the Credit-Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment.

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

Where the Final Terms of Credit-Linked Notes provide for physical delivery, the Issuer may determine that the specified assets to be delivered are either (a) assets which for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans) it is impossible or illegal to deliver on the Settlement Date or (b) assets which the Issuer and/or any affiliate has not received under the terms of any transaction entered into by the Issuer and/or such affiliate to hedge the Issuer's obligations in respect of the Notes. Any such determination may delay settlement in respect of the Notes and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and as a result, the amount of principal payable on redemption.

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

Prospective purchasers should review the Terms and Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions should apply to the Notes.

Partly-paid Notes

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

Variable rate Notes with a multiplier or other leverage factor

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

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

The Issuer's obligations under Subordinated Notes are subordinated

The payment obligations of the Issuer under Dated Subordinated Notes and Undated Subordinated Notes will rank behind Senior Notes. Dated Subordinated Notes and Undated Subordinated Notes constitute unsecured and, in accordance with the paragraphs below, subordinated obligations of the Issuer which rank *pari passu* without any preference among themselves.

The Issuer is entitled to defer the due date for payment of any principal or interest in respect of the Dated Subordinated Notes to which Condition 3(c) (*Dated Subordinated Notes: Deferral of Payments*) is applicable (Upper Tier 3 Capital, as specified in the relevant Final Terms) if the FSA has required or requested the Issuer to defer payment of the relevant payment of such principal and/or interest, and shall defer such due date in circumstances where its Capital Resources would be less than its Capital Resources Requirement after payment of any such principal or interest in whole or in part. See Conditions 3(b) (*Status and Subordination of Subordinated Notes*) and 3(c) (*Dated Subordinated Notes: Deferral of Payments*) of the Terms and Conditions of the Notes for a full description of subordination and the payment obligations of the Issuer under Dated Subordinated Notes.

In relation to Undated Subordinated Notes only, the Issuer may elect, subject as provided in Condition 5(m) (*Deferral of Interest on Undated Subordinated Notes*) of the Terms and Conditions of the Notes, to defer any payment of interest which is otherwise scheduled to be paid on an Interest Date by giving notice of such election to the Noteholders, the Trustee and the Issuing and Paying Agent not more than 30 nor less than 20 Business Days prior to the relevant Interest Date. In addition, payments of principal and interest in respect of the Undated Subordinated Notes are conditional upon the Issuer being solvent. No such principal or interest will be payable in respect of Undated Subordinated Notes except to the extent that the Issuer could make such payment in whole or in part and still be solvent immediately thereafter. See Condition 3(b) (*Status and Subordination of Subordinated Notes*) and Condition 5(m) (*Deferral of Interest on Undated Subordinated Notes*) of the Terms and Conditions of the Notes for a full description of subordination and the payment obligations of the Issuer under the Subordinated Notes.

Any deferral of interest payments under the Dated Subordinated Notes and suspension of payments under the Undated Subordinated Notes will likely have an adverse effect on the market price of the Dated Subordinated Notes and of the Undated Subordinated Notes. In addition, as a result of the interest deferral provision of the Dated Subordinated Notes and conditional payment provisions of the Undated Subordinated Notes, the market price of the Dated Subordinated Notes and Undated Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

In certain circumstances a portion of payments made on or with respect to the Notes may be subject to U.S. reporting obligations which, if not satisfied, may require U.S. tax to be withheld

The United States has passed legislation (the Foreign Account Tax Compliance Act provisions of the Hiring Incentives to Restore Employment (HIRE) Act of 2010, commonly referred to as "**FATCA**"), which generally will impose new information reporting and other requirements with respect to certain holders of "**financial accounts**", as such term is defined in the FATCA rules. Under FATCA, non-U.S. financial institutions generally will be required to enter into agreements with the Internal Revenue Service ("**IRS**") to identify financial accounts held by U.S. persons or non-U.S. entities with substantial U.S. ownership, as well as accounts of other "financial institutions" that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. For these purposes, the term "**financial institution**" includes, among others, banks, insurance companies and funds that are engaged primarily in the business of investing, reinvesting or trading in securities, commodities or partnership interests. Notes issued prior to 1 January 2013 that are classified as debt for U.S. federal income tax purposes are generally exempt from these rules.

If a participating non-U.S. financial institution makes a covered payment to an accountholder that has not provided information requested to enable the financial institution to comply with its FATCA reporting obligations, or if the recipient of the payment is a non-participating non-U.S. financial institution (that is not otherwise exempt), the payor will be required to withhold 30% on all or a portion of the payment. The withholding tax on payments to a non-participating non-U.S. financial institution generally will apply whether the financial institution is receiving payments for its own account or on behalf of another person. Guidance issued by the IRS indicates an intention to promulgate regulations that, beginning in 2017,

would treat, for example, a portion of payments of interest, principal and disposition proceeds on debt or equity issued by a participating non-U.S. financial institution as being subject to this withholding tax based on the percentage of the financial institution's total assets that are U.S. assets.

If the Issuer (or any Paying Agent) were to enter into a reporting agreement with the IRS under the FATCA rules, an investor in Notes that is not a financial institution may be required to provide information to establish whether it is a U.S. person or is substantially owned by U.S. persons in order to establish an exemption from this withholding tax. An investor in Notes that is a financial institution may be required to establish whether it is a U.S. financial institution or a participating non-U.S. financial institution in order to establish such an exemption.

An investor that is a non-U.S. financial institution generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles such institution to a reduced rate of tax on the payment that was subject to withholding under these rules, provided the required information is furnished in a timely manner to the IRS. Investors generally will not be entitled to interest from the IRS for the period prior to the refund. It is not entirely clear how income tax treaty exemptions apply to withholding on payments of principal or gross proceeds recognised on the sale or other disposition of Notes.

Financial institutions in jurisdictions that have entered into agreements with the United States and enacted legislation to collect and share information regarding accountholders of financial institutions with the United States will generally be able to receive payments free of withholding under FATCA. The United Kingdom, the United States, France, Germany, Italy and Spain have announced their intention to enter into inter-governmental reciprocal information gathering and sharing agreements of this kind. It is not yet clear whether legislation implementing these agreements will be enacted in any jurisdiction nor is it entirely clear how any such legislation will impact the treatment of Notes under FATCA.

Investors will not be entitled to receive additional amounts or otherwise be compensated by the Issuer (or any Paying Agent) with respect to taxes withheld pursuant to FATCA.

This description of the FATCA rules is based on proposed regulations and preliminary guidance. Further guidance is anticipated prior to the effective date of these rules, which may significantly modify these rules as they apply to the Issuer and to investors. Investors should consult their own advisers about the application of FATCA to Notes, in particular if they may be classified as financial institutions under these rules.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

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

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*) of the Terms and Conditions of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end

of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

Notes where denominations involve integral multiples: definitive Notes

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

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

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

Exchange rate risks and exchange controls

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

Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

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

Legal investment considerations may restrict certain investments

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

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

- (i) the registration document ("**Registration Document**") of Investec Bank plc dated 13 June 2012;
- (ii) the annual report (including the audited consolidated financial statements together with the audit reports thereon) of the Issuer for the financial years ended 31 March 2010 and 31 March 2011, which have previously been published and filed with the FSA;
- (iii) the unaudited consolidated financial information (which has not been reviewed by the Issuer's auditors) for the six months ended 30 September 2011 and the amended preliminary unaudited consolidated financial information (which has not been reviewed by the Issuer's auditors) for the year ended 31 March 2012, which have previously been published and filed with the FSA;
- (iv) the terms and conditions set out on pages 23 to 56 of the prospectus dated 20 November 2009 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2009 Conditions**");
- (v) the terms and conditions set out on pages 28 to 61 of the prospectus dated 18 October 2010 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2010 Conditions**");
- (vi) the terms and conditions set out on pages 16 to 47 of the prospectus dated 23 August 2011 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2011 Conditions**");
- (vii) the standard terms for credit-linked notes set out on pages 57 to 126 of the prospectus dated 20 November 2009 relating to the Programme under the heading "*Standard Terms for Credit-Linked Notes*" ("**2009 CLN Terms**");
- (viii) the standard terms for credit-linked notes set out on pages 62 to 131 of the prospectus dated 18 October 2010 relating to the Programme under the heading "*Standard Terms for Credit-Linked Notes*" ("**2010 CLN Terms**"); and
- (ix) the standard terms for credit-linked notes set out on pages 48 to 114 of the prospectus dated 23 August 2011 relating to the Programme under the heading "*Standard Terms for Credit-Linked Notes*" ("**2011 CLN Terms**"),

which have been previously published, or are published simultaneously with this Prospectus and which have been formally approved by the Financial Services Authority (the "**FSA**"). Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. The documents incorporated by reference in this Prospectus shall not include any documents which are themselves incorporated by reference in such incorporated documents ("daisy chained" documents). Such daisy chained documents shall not form part of this Prospectus.

For the purposes of Article 28.4 of Commission Regulation (EC) No. 809/2004, any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus. Specifically, the parts of the prospectuses dated 20 November 2009, 18 October 2010 and 23 August 2011 which are not expressly referenced in items (iii) to (viii) above are not relevant for the investor or are otherwise covered elsewhere in the Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from (i) the registered office of the Issuer and the specified office of the Issuing and Paying Agent and (ii) the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html.

SUPPLEMENTARY PROSPECTUS

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to section 87G of the FSMA, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or a further Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by the UK Listing Authority and section 87G of the FSMA.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer and the Trustee such number of copies of such supplement hereto as such Dealer and the Trustee may reasonably request.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (the "Terms and Conditions" or the "Conditions") that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed (as amended, restated, modified or supplemented as at the date of issue of the Notes (the "**Issue Date**") or from time to time), (the "**Trust Deed**") dated 13 June 2012 between the Issuer and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended, restated, modified or supplemented as at the Issue Date or from time to time), (the "**Agency Agreement**") dated 13 June 2012 has been entered into in relation to the Notes between the Issuer, the Trustee, Deutsche Bank AG, London Branch, as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent(s)**". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

Words and expressions defined in the Trust Deed, 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 Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

The obligations of the Issuer in respect of payments of principal and interest on the Undated Subordinated Notes are conditional upon the Issuer being solvent at the time of payment by the Issuer and immediately thereafter. In the event of a Winding Up or Qualifying Administration (each as defined in Condition 3(d) (Definitions)) of the Issuer, the right to claim for interest (including Arrears of Interest (as defined in Condition 5(m) (Deferral of Interest on Undated Subordinated Notes))) may be limited by applicable insolvency laws.

The Issuer may defer payments of interest in respect of Undated Subordinated Notes as provided in Condition 5(m) (Deferral of Interest on Undated Subordinated Notes). In the case of Dated Subordinated Notes in relation to which Condition 3(c) (Dated Subordinated Notes: Deferral of Payments) is specified in the applicable Final Terms as applying (Upper Tier 3 Capital), the Issuer may also defer payments of interest as provided in that Condition.

1. **Form, Denomination and Title**

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("**Registered Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) set out in the relevant Final Terms. All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note, a Credit-Linked Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis specified in the relevant Final Terms.

This Note may also be a Senior Note, a Dated Subordinated Note or an Undated Subordinated Note, as indicated in the applicable Final Terms.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c) (*Exercise of Options or Partial Redemption in Respect of Registered Notes*), each Certificate shall represent the entire holding of Registered Notes by the same holder.

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

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. **Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

- (a) **Exchange of Exchangeable Bearer Notes:** Subject as provided in Condition 2(f) (*Closed Periods*), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; **provided, however, that** where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b) (*Payments and Talons – Registered Notes*)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed

on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(a) (*Exchange of Exchangeable Bearer Notes*), (b) (*Transfer of Registered Notes*) or (c) (*Exercise of Options or Partial Redemption in Respect of Registered Notes*) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(g) (*Redemption at the Option of Noteholders (other than holders of Subordinated Notes)*)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) (*Delivery of New Certificates*), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Exchange Free of Charge:** Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax, stamp duty, stamp duty reserve tax or other transfer tax or duty or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(f) (*Redemption at the Option of the Issuer*), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. **Status**

(a) **Status of Senior Notes:** If the Notes are specified as Senior Notes in the applicable Final Terms (the "**Senior Notes**"), the Senior Notes and the Receipts and the Coupons relating to them constitute, direct, unconditional, unsubordinated and (subject to Condition 4) (*Negative Pledge (Senior Notes Only)*) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4 (*Negative Pledge (Senior Notes Only)*), at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer, present and future.

(b) **Status and Subordination of Subordinated Notes:**

(i) If the Notes are specified as Dated Subordinated Notes in the applicable Final Terms, the Dated Subordinated Notes and the relative Receipts and Coupons (if any) are unsecured obligations of the Issuer subordinated in a Winding Up or Qualifying Administration of the Issuer as described below and rank and will rank (A) in priority to the claims of holders of all classes of share capital, (B) *pari passu* with Undated Subordinated Notes, (C) *pari passu* without any preference among themselves, (D) at least *pari passu* with all other subordinated obligations (including guarantee obligations) of the Issuer, (E) *pari passu* with obligations of the Issuer in respect of claims (if any) which rank or are expressed to rank *pari passu* with the Dated Subordinated Notes, and (F) junior in point of subordination to the obligations of the Issuer in respect of its Senior Creditors. The rights of the holders of Dated Subordinated Notes (and any rights in respect of the relative Receipts and Coupons) will, in the event of the Winding Up or Qualifying Administration of the Issuer, be subordinated in right of payment in the manner provided in the Trust Deed to the claims of Senior Creditors of the Issuer.

(ii) If the Notes are specified as Undated Subordinated Notes in the applicable Final Terms, the Undated Subordinated Notes and the relative Receipts and Coupons (if any) are unsecured obligations of the Issuer and rank and will rank (A) in priority to the claims of holders of all classes of share capital, (B) *pari passu* without any preference with other Undated Subordinated Notes, (C) *pari passu* with Dated Subordinated Notes, (D) at least *pari passu* with all other subordinated obligations (including guarantee obligations) of the Issuer, (E) *pari passu* with obligations of the Issuer in respect of claims (if any) which rank or are expressed to rank *pari passu* with Undated Subordinated Notes and (F) junior in point of subordination to the obligations of the Issuer in respect of its Senior Creditors. The rights of the holders of Undated Subordinated Notes (and any rights in respect of the relative Coupons) will, in the event of the Winding Up or Qualifying Administration of the Issuer, be subordinated in right of payment in the manner provided in the Trust Deed to the claims of Senior Creditors of the Issuer.

In the case of Undated Subordinated Notes, payments in respect of or arising from (including any damages awarded for breach of any obligations under) the Undated Subordinated Notes and the relative Receipts and Coupons, in addition to the right of the Issuer to defer payment of interest in accordance with Condition 5(m) (*Deferral of Interest on Undated Subordinated Notes*), are conditional upon the Issuer being solvent at the time of payment by the Issuer, and no such principal, premium, interest or any other amount shall be due and payable in respect of or arising from the Notes, the relative Receipts and Coupons and the Trust Deed unless and until and except to the extent that the Issuer could make such payment in whole or in part and still be solvent immediately thereafter, in each case except where the next paragraph of this Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) below applies. For the purposes of this Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*), the Issuer shall be deemed to be solvent if (i) it is able to pay its debts owed to Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities (other than its Liabilities to persons who are not its Senior Creditors). A report as to the solvency of the Issuer by two Directors or, in certain circumstances as provided in the Trust Deed, the auditors of the Issuer or, if the Issuer is in winding-up, its liquidator, or, if the Issuer is in administration, its administrator, shall, in the absence of manifest error be treated

and accepted by the Issuer, the Trustee, the Noteholders and the Couponholders as correct and sufficient evidence thereof. The Issuer shall (except where the paragraph below applies) satisfy any Arrears of Interest which arises as a result of this Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) at the time referred to in Condition 5(m) (*Deferral of Interest on Undated Subordinated Notes*).

In the case of Undated Subordinated Notes, if at any time the Issuer is in Winding Up or in a Qualifying Administration, there shall be payable on each Undated Subordinated Note (in lieu of any other payment by the Issuer but subject as provided in this Condition 3 (*Status*)), such amount, if any, as would have been payable to the holder thereof if, on the date prior to the commencement of the Winding Up of the Issuer or the notice of the administrator, as the case may be, and thereafter, such Noteholder and/or Couponholder and/or the Trustee, as the case may be, were the holder of one of a class of preference share in the capital of the Issuer ("**Notional Preference Shares**") having a preferential right to a return of assets in the Winding Up or Qualifying Administration over, and so rank ahead of, the holders of all issued shares for the time being in the capital of the Issuer but ranking junior to the claims of Senior Creditors on the assumption that the amount that such holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such Winding Up or Qualifying Administration were an amount equal to the principal amount of, and any applicable premium on, such Undated Subordinated Note together with Arrears of Interest (as defined in Condition 5(m) (*Deferral of Interest on Undated Subordinated Notes*)), if any, and any other interest which has accrued up to, but excluding, the date of repayment (as provided in the Trust Deed) in respect thereof together with, to the extent not otherwise included within the foregoing, any other amounts attributable to the Note, including any damages awarded for breach of any obligations, whether or not the conditions referred to in the second paragraph of this Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) are satisfied on the date upon which the same would otherwise be due and payable.

*N.B. In circumstances where the Issuer is not in Winding Up or in a Qualifying Administration, the obligations of the Issuer in respect of the Undated Subordinated Notes and the related Coupons are conditional upon the Issuer being solvent for the purpose of Condition 3(b) (*Status and Subordination of Subordinated Notes*) immediately before and after payment by the Issuer. If Condition 3(b) (*Status and Subordination of Subordinated Notes*) is not satisfied, any amounts which might otherwise have been allocated in or towards payment of principal and interest in respect of the Undated Subordinated Notes may be used to absorb the losses of the Issuer, whilst enabling the Issuer to continue its business and any such amounts shall not be deemed to be due for the purposes of Condition 10 (*Events of Default*).*

*The Issuer may also defer payments of interest in respect of Undated Subordinated Notes as provided in Condition 5(m) (*Deferral of Interest on Undated Subordinated Notes*).*

- (iii) Subject to applicable law, neither any Noteholder, Couponholder nor the Trustee may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes, the relative Receipts or the Coupons and each Noteholder and Couponholder shall, by virtue of being the holder of any Subordinated Note, Receipt or Coupon (as the case may be), be deemed to have waived all such rights of set-off, compensation or retention, in each case both before and during any winding-up, liquidation or administration of the Issuer. Notwithstanding the provisions of the foregoing sentence, if any of the said rights and claims of any Noteholder or Couponholder against the Issuer is discharged by set-off, such Noteholder or Couponholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of the winding-up, liquidation or administration of the Issuer (as the case may be), the liquidator, administrator or other relevant insolvency official of the Issuer and until such time as payment is made will hold a sum equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator or other relevant insolvency official of the Issuer (as the case may be)) and accordingly such discharge shall be deemed not to have taken place.

(c) **Dated Subordinated Notes: Deferral of Payments**

In the case of Dated Subordinated Notes in relation to which this Condition 3(c) (*Dated Subordinated Notes: Deferral of Payments*) is specified in the applicable Final Terms as applying (Upper Tier 3 Capital), the Issuer shall be entitled, by notice in writing to the Trustee (a "**Deferral Notice**"), to defer the due date for payment of any principal or interest in respect of such Notes, and, accordingly, on the giving of such notice the due date for payment of any such principal or interest (the "**Deferred Payment**") shall be so deferred and the Issuer shall not be obliged to make payment thereof on the date the same would otherwise have become due and payable, and such deferral of payment shall not constitute a default by the Issuer for any purpose. Accordingly the applicable provisions of these Conditions in relation to such Dated Subordinated Notes shall have effect subject to this Condition 3(c) (*Dated Subordinated Notes: Deferral of Payments*). The Issuer (i) shall give a Deferral Notice in circumstances where the Issuer's Capital Resources (as defined below) would be less than its Capital Resources Requirement (as defined below) after payment of any such principal or interest in whole or in part; or (ii) may give a Deferral Notice where the FSA has required or requested the Issuer to defer payment of the relevant payment of such principal and/or interest. Interest will accrue on Deferred Payments in accordance with the provisions of these Conditions and the Trust Deed, save that such interest shall only become due and payable at such time as the Deferred Payment in respect of which it has accrued becomes due and payable under the following sentence. Where the Issuer's Capital Resources would not be less than its Capital Resources Requirement after payment of any Deferred Payment or part thereof, the Issuer shall give to the Trustee written notice thereof (a "**Payment Notice**") and the relevant Deferred Payment (or the appropriate part of it) and any accrued interest as aforesaid shall become due and payable on the seventh day after the date of such Payment Notice. In addition, all Deferred Payments (or remaining part of any Deferred Payment part only of which has been made as aforesaid) and any accrued interest as aforesaid which remain unpaid shall become due and payable in full on the commencement (as defined in the Trust Deed) of a Winding Up or Qualifying Administration of the Issuer. Where more than one Deferred Payment (or remaining part thereof) remains unpaid, payment of part thereof shall be made *pro rata* according to the amounts of such Deferred Payments remaining unpaid and of any accrued interest as aforesaid remaining unpaid. The Issuer shall promptly give notice to the holders of the relevant Series of Notes in accordance with Condition 16 (*Notices*) of any Deferral Notice or Payment Notice.

In the case of Dated Subordinated Notes which constitute Upper Tier 3 Capital, the FSA only permits payments of principal and interest to be made in respect of such Dated Subordinated Notes in circumstances where, after such payment is made, the Issuer's Capital Resources would not be less than its Capital Resources Requirement.

Dated Subordinated Notes that are intended to qualify as Tier 2 Capital have no provisions for the deferral of interest.

(d) **Definitions**

In these Conditions:

"**Assets**" means the unconsolidated gross assets of the Issuer as shown in the latest published audited balance sheets of the Issuer but adjusted for contingent assets and for all subsequent events, all in such manner as the directors, the auditors of the Issuer or the liquidator (as the case may be) may determine;

"**Capital Regulations**" means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the FSA;

"**Capital Resources**" has the meaning ascribed to it in the Capital Regulations and shall include any successor term from time to time equivalent thereto as agreed between the Issuer and the Trustee;

"**Capital Resources Requirement**" has the meaning ascribed to it in the Capital Regulations and shall include any successor term from time to time equivalent thereto as agreed between the Issuer and the Trustee;

"**FSA**" means the Financial Services Authority of the United Kingdom or such other governmental authority in the United Kingdom (or, if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the Issuer;

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer as shown in the latest published audited balance sheets of the Issuer but adjusted for contingent liabilities and for subsequent events, all in such manner as the directors, the auditors of the Issuer or the liquidator (as the case may be) may determine;

"**Overall Financial Adequacy Rule**" has the meaning ascribed to it in the Capital Regulations and shall include any successor term from time to time equivalent thereto as agreed between the Issuer and the Trustee;

"**Qualifying Administration**" means that an administrator has been appointed in respect of the Issuer and has given notice that he intends to declare and distribute a dividend;

"**Senior Creditors**" means, in respect of Subordinated Notes, all depositors and other creditors of the Issuer other than (a) creditors (if any) whose claims rank or are expressed to rank *pari passu* (whether only in the event of a winding-up or administration of the Issuer or otherwise) with or junior to the claims of the holders of Subordinated Notes and (b) creditors with whose claims the Notes rank or are expressed to rank *pari passu* (whether only in the event of a winding-up of the Issuer or otherwise);

"**Subordinated Notes**" means Dated Subordinated Notes and/or Undated Subordinated Notes issued by the Issuer;

"**Tier 1 Capital**", "**Tier 2 Capital**" and "**Upper Tier 3 Capital**" each have the meaning ascribed to them by the FSA;

"**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland; and

"**Winding Up**" means any winding-up of the issuer (excluding a solvent winding-up solely for the purposes of a reconstruction, amalgamation, reorganisation, merger, consolidation or the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed), the terms of which reconstruction, amalgamation, reorganisation, merger, consolidation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders of the relevant Series.

4. **Negative Pledge (Senior Notes Only)**

So long as any Senior Note or related Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") (other than a Permitted Security Interest), upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, without at the same time or prior thereto and, in any other case, promptly, taking any and all action necessary to ensure that all amounts payable by it under the Senior Notes, the Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee or that such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In these Conditions:

- (i) "**Government Entities**" means any body, agency, ministry, department, authority, statutory corporation or other entity of or pertaining to a member state of the European Economic Area or the government thereof or any political sub division, municipality or local government thereof (whether autonomous or not);

- (ii) **"Permitted Security Interest"** means (a) any lien arising by operation of law or (b) any netting or set-off arrangement entered into by the Issuer or a Subsidiary in the ordinary course of its business for the purpose of netting debit and credit balances or (c) any existing Security Interest as at the Issue Date of the first Tranche of the Notes or (d) any Security Interest created by the Issuer or a Subsidiary or a special purpose vehicle over the whole or any part of its present or future assets or revenues where such assets or revenues are comprised only of the following (or are otherwise qualifying collateral for issues of covered bonds or mortgage-backed securities (howsoever described) pursuant to any relevant contractual arrangements): (i) mortgage receivables; or (ii) receivables against Government Entities; or (iii) asset-backed securities backed by any of the assets under (i) or (ii); or (iv) any other assets permitted by English law to collateralise covered bonds or mortgage-backed securities in each case **provided that** the creation of such security interest is pursuant to the relevant contractual arrangements or, as the case may be, specific provisions of the laws of England and Wales relating to covered bonds or mortgage-backed securities (howsoever described, designated by the Issuer as such and secured on a segregated pool of assets) applicable at the time of creation of such security interest;
- (iii) **"Relevant Indebtedness"** means (i) any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and having an original maturity of more than one year from its date of issue and (ii) any guarantee or indemnity in respect of any such indebtedness; and
- (iv) **"Subsidiary"** means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

5. Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h) (*Calculations*).
- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes:**
 - (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h) (*Calculations*). Such Interest Payment Date(s) is/are either specified in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period specified in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
 - (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day

Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the relevant Final Terms;
- (y) the Designated Maturity is a period specified in the relevant Final Terms; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

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

(B) Screen Rate Determination for Floating Rate Notes

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

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Final Terms as being other than

LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the relevant Final Terms.

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
 - (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels 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, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such 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 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, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, **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 or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).
- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner

specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i) (*Early Redemption – Zero Coupon Notes*)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.
- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 (*Interest and other Calculations*) to the Relevant Date (as defined in Condition 8 (*Taxation*)).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Rounding:**
 - (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) (*Interest on Floating Rate Notes and Index Linked Interest Notes*) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
 - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the relevant Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be

calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii) (*Interest on Floating Rate Notes and Index Linked Interest Notes - Business Day Convention*), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (j) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.
- (k) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:
- "Business Day"** means:
- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
 - (ii) in the case of euro, a day on which the TARGET system is operating (a "**TARGET Business Day**"); and/or
 - (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

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

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

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

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

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

- (vii) if "**Actual/Actual-ICMA**" is specified in the relevant Final Terms,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

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

"Determination Date" means the date(s) specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date(s);

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

"Interest Amount" means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the relevant Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the relevant Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Final Terms;

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling, or (ii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro, or (iii) the day falling two Business Days in New York for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is U.S. dollars, or (iv) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency does not fall within (i), (ii) or (iii) for the purposes of this definition;

"Interest Period" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date;

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the relevant Final Terms;

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms;

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions set out in the relevant Final Terms;

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the relevant Final Terms;

"**Reference Rate**" means the rate specified as such in the relevant Final Terms;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms;

"**Specified Currency**" means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (l) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in the Trust Deed). 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 establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution 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.

- (m) **Deferral of Interest on Undated Subordinated Notes:**

- (i) The Issuer may (in relation to the Undated Subordinated Notes only) elect, subject as provided below, to defer any payment of interest which is otherwise scheduled to be paid on an Interest Date (as defined below) by giving notice of such election to the Noteholders in accordance with Condition 16 (*Notices*), the Trustee and the Issuing and Paying Agent not more than 30 nor less than 20 Business Days prior to the relevant Interest Date. The Issuer may not exercise its rights under this Condition 5(m) (*Deferral of Interest on Undated Subordinated Notes*) to defer payments of interest if an event of the type described under limb (1) of the definition of Capital Disqualification Event (as defined below) has occurred unless a Capital Breach Event (as defined below) has also occurred and is continuing at such time when it may still exercise such right in its discretion.

Any such interest on Undated Subordinated Notes not paid on an Interest Date together with any interest not paid on Undated Subordinated Notes pursuant to Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) and any other interest not paid on any other Interest Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**".

Arrears of Interest may, at the option of the Issuer (but subject to the provisions of the second paragraph of Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) relating to the solvency of the Issuer), be paid in whole or in part at any time upon the expiration of not less than seven days' notice to such effect given to the Trustee and to the Noteholders in accordance with Condition 16 (*Notices*), but all Arrears of Interest on all Undated Subordinated Notes outstanding shall become due in full on the date set for any redemption pursuant to the provisions of Condition 6 (*Redemption, Purchase and Options*).

If, on an Interest Date, interest in respect of the Undated Subordinated Notes shall not have been paid as a result of the second paragraph of Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) or the exercise by the Issuer of its option pursuant to this Condition 5(m) (*Deferral of Interest on Undated Subordinated Notes*), then from

such Interest Date until such time as the full amount of such Arrears of Interest has been received by the Agent or the Trustee and no other Arrears of Interest remain unsatisfied, the Dividend and Capital Restriction shall apply.

The Dividend and Capital Restriction means that:

- (a) the Issuer shall not declare or pay any distribution or dividend or make any payment on any class of share capital or on any other securities of the Issuer ranking or expressed to rank junior to the Undated Subordinated Notes; and
- (b) the Issuer shall procure that no subsidiary undertaking of the Issuer shall declare or pay any distribution or any dividend or make any payment on any security or other obligation benefiting from a guarantee of the Issuer ranking or expressed to rank junior to the Undated Subordinated Notes,

in each case, other than (i) a dividend or interest payment which has been declared by the Issuer or any such subsidiary undertaking on such share capital, security or obligation (as the case may be) prior to the date on which the decision to opt to defer the interest which would otherwise be due on the Notes on such date is notified to the Noteholders in accordance with Condition 16 (*Notices*) and/or (ii) a dividend or interest payment on any such share capital, security or other obligation, the terms of which do not permit the issuer thereof to defer, pass, cancel or eliminate the relevant distribution, dividend or other payment.

Notwithstanding the foregoing, if notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest in respect of the Undated Subordinated Notes, the issuer shall be obliged (subject to the provisions of Condition 3 (*Status*)) to do so upon the expiration of such notice. Where Arrears of Interest are paid in part, each part payment shall be applied in payment of the Arrears of Interest accrued due in respect of the relative Interest Date (or consecutive Interest Dates) furthest from the date of payment. Arrears of Interest shall not themselves bear interest.

- (ii) In these Conditions, the following expressions have the following meanings:

"Capital Breach Event" means the occurrence of a breach by the Issuer of the United Kingdom capital adequacy requirements, guidelines or measures or any other regulatory capital or capital resources requirements, guidelines or measures applicable to the Issuer (whether or not such requirements, guidelines or measures have the force of law and whether they are applied generally or specifically to the Issuer);

"Capital Disqualification Event" is deemed to have occurred (1) if the Undated Subordinated Notes would cease to be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) as regulatory capital for the Issuer on a solo and/or consolidated basis under the applicable Capital Resources Requirement; or (2) if, at any time the Issuer is required under the Capital Resources Requirement to have Tier 2 Capital, the Notes would no longer be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) for inclusion in the Tier 2 Capital of the Issuer on a solo and/or consolidated basis;

"Interest Accrual Period" means the period from (and including) the Interest Commencement Date up to (but excluding) the first Interest Date or, as the case may be, the period from (and including) one Interest Date up to (but excluding) the next Interest Date; and

"Interest Date" means any date on which interest is, or (but for this paragraph (m)) would be, payable pursuant to this Condition 5 (*Interest and other Calculations*).

6. **Redemption, Purchase and Options**

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

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 (*Redemption, Purchase and Options*), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed or purchased and cancelled as provided below, each Senior Note and each Dated Subordinated Note (including each Index Linked Redemption Note and Dual Currency Redemption Note but not including a Credit Linked Note) shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided in the relevant Final Terms, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount. Undated Subordinated Notes have no final maturity and are only redeemable in accordance with the following provisions of this Condition 6 (*Redemption, Purchase and Options*) or Condition 10 (*Events of Default*).

(b) **Early Redemption:**

- (i) *Zero Coupon Notes:*
 - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(e) (*Redemption following Hedging Disruption*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.
 - (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
 - (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(e) (*Redemption following Hedging Disruption*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c) (*Zero Coupon Notes*).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the relevant Final Terms.

(ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(e) (*Redemption following Hedging Disruption*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*), shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

(c) **Redemption for Taxation Reasons**: The Notes of any Series may (subject, in the case of the Dated Subordinated Notes and the Undated Subordinated Notes, to the provisions of Condition 6(k) (*Redemption of Dated Subordinated Notes and Undated Subordinated Notes*) and, in the case of the Undated Subordinated Notes, Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*)) be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of a Note other than a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note) or only on an Interest Payment Date (in the case of a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note) on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 16 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), at their Early Redemption Amount (as determined in accordance with paragraph (b) above), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that:

- (i) it has or will or would, but for redemption, become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) in respect of any of the Notes of such Series;
- (ii) the payment of interest in respect of any of the Notes of such Series would be a "**distribution**" for United Kingdom tax purposes; or
- (iii) in respect of the payment of interest in respect of any of the Notes of such Series, the Issuer would not to any material extent be entitled to have any attributable loss or non-trading deficit set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date on which agreement is reached to issue the first Tranche of Notes of such Series or any similar system or systems having like effect as may from time to time exist),

in each such case, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of Notes of that Series and cannot be avoided by the Issuer taking reasonable steps 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 as referred to in paragraph (i) above, would be treated as making distributions as referred to in paragraph (ii) above or would not be entitled to have the loss or non-trading deficit set against the profits as referred to in paragraph (iii) above were a payment in respect of the Notes of that Series then due. Upon the expiration of such notice the Issuer shall be bound to redeem such Notes at their Early Redemption Amount together with interest accrued to (but excluding) the date of redemption and, in the case of Undated Subordinated Notes, all Arrears of Interest (if any) as aforesaid. Prior to the publication of any notice of redemption pursuant this Condition 6(c) (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that the obligation or treatment, as the case may be, referred to above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) **Redemption due to Capital Disqualification Event**: Any Series of Dated Subordinated Notes or Undated Subordinated Notes may, subject to the provisions of Condition 6(k) (*Redemption of*

Dated Subordinated Notes and Undated Subordinated Notes) and, in the case of Undated Subordinated Notes, Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*), be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of a Note other than a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note) or only on an Interest Payment Date (in the case of a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note) on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 16 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that a Capital Disqualification Event has occurred and is continuing.

Upon the expiration of such notice, the Issuer shall be bound to redeem such Notes at their Early Redemption Amount (as determined in accordance with paragraph (b) above) together with interest accrued to (but excluding) the date of redemption and, in the case of Undated Subordinated Notes, all Arrears of Interest (if any) as aforesaid.

- (e) **Redemption following Hedging Disruption:** Unless this Condition 6(e) is specified as not applicable in the relevant Final Terms, if in relation to a Series of Notes the Issuer or the Calculation Agent determines that a Hedging Event (as defined below) has occurred, and for as long as a Hedging Event is continuing, the Issuer, having given not less than 15 nor more than 30 days' irrevocable notice to the Noteholders, may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at its Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

"**Hedging Event**" means the occurrence of either of the following events or circumstances arising due to any reason (including but not limited to the adoption of, application of or change of any applicable law or regulation after the Issue Date of a Series of Notes):

- (i) it becomes impossible or impracticable for the Issuer or its counterparty of any hedging transaction to:
- (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge its obligations with respect to the relevant Notes (a "**Hedging Transaction**"); or
 - (B) realise, recover or remit the proceeds of any such Hedging Transaction; or
- (ii) the Issuer or the counterparty under such Hedging Transaction would be subject to an increased cost (as compared to the circumstances existing on the Issue Date in respect of such Series of Notes) in entering into or maintaining any Hedging Transaction (including, but not limited to, any internal cost arising as a result of compliance with any applicable law or regulation),

in each case as determined by the Issuer or the Calculation Agent in its sole and absolute discretion.

- (f) **Redemption at the Option of the Issuer:** If Call Option is specified in the relevant Final Terms, the Issuer may (subject, in the case of the Dated Subordinated Notes and the Undated Subordinated Notes, to the provisions of Condition 6(k) (*Redemption of Dated Subordinated Notes and Undated Subordinated Notes*) and, in the case of the Undated Subordinated Notes, Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) and unless otherwise specified in the applicable Final Terms), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption and in the case of Undated Subordinated Notes all Arrears of Interest (if any) as provided in Condition 5(m) (*Deferral of Interest on Undated Subordinated Notes*). Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (g) **Redemption at the Option of Noteholders (other than holders of Subordinated Notes):** If Put Option is specified in the relevant Final Terms and this is a Senior Note, the Issuer shall, at the option of the holder of any such Senior Note, upon the holder of such Senior Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Senior Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Senior Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Senior Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Senior Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

Condition 6(g) (Redemption at the Option of Noteholders (other than holders of Subordinated Notes)) is not applicable to Dated Subordinated Notes or Undated Subordinated Notes.

- (h) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.
- (i) **Purchases:** The Issuer, its Subsidiaries, any holding company of the Issuer or any subsidiary of such holding company may (subject, in the case of the Dated Subordinated Notes and the Undated Subordinated Notes, to the prior consent of, or notification to and no objection being raised by, the FSA), in each case solely to the extent then required) at any time purchase Notes (**provided that** all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (j) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (k) **Redemption of Dated Subordinated Notes and Undated Subordinated Notes:** Undated Subordinated Notes and (in the case only of redemption prior to the relevant Maturity Date) Dated Subordinated Notes may only be redeemed by the Issuer pursuant to Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(d) (*Redemption due to Capital Disqualification Event*), Condition 6(e) (*Redemption following Hedging Disruption*) or 6(f) (*Redemption at the Option of the Issuer*) **provided that:**
- (i) the Issuer has notified the FSA of its intention to do so at least one month (or such other period, longer or shorter, as the FSA may then require or accept) prior to the date it

becomes committed to the proposed repayment and no objection thereto has been raised by the FSA or the FSA has provided its consent thereto (if required); and

- (ii) (other than in the case of a redemption in accordance with Condition 6(f) (*Redemption at the Option of the Issuer*)) the Issuer has satisfied the Trustee that, both at the time when the notice of redemption is given and immediately following such redemption, the Issuer (a) is or will be (as the case may be) in compliance with its Capital Resources Requirement and (b) will have sufficient financial resources to meet the Overall Financial Adequacy Rule (except to the extent that the FSA no longer so requires). A certificate from any two Directors confirming such compliance shall be conclusive evidence of such compliance.

There is no fixed redemption date for Undated Subordinated Notes and the Issuer shall (subject to the provisions of Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(d) (*Redemption due to Capital Disqualification Event*), Condition 6(e) (*Redemption following Hedging Disruption*), Condition 6(f) (*Redemption at the Option of the Issuer*) or this Condition 6(k) (*Redemption of Dated Subordinated Notes and Undated Subordinated Notes*) and Condition 10 (*Events of Default*)) only have the right to repay them in accordance with such provisions as may be specified in the applicable Final Terms.

7. **Payments and Talons**

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and **provided that** the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi) (*Unmatured Coupons and Receipts and unexchanged Talons*) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii) (*Unmatured Coupons and Receipts and unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
 - (i) Payments of principal (which for the purposes of this Condition 7(b) (*Registered Notes*) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
 - (ii) Interest (which for the purpose of this Condition 7(b) (*Registered Notes*) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or

receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, **provided that** the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) so long as any Registered Notes are outstanding, a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) so long as any Bearer Notes are outstanding, Paying Agents having specified offices in at least two major European cities, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vii) so long as any Bearer Notes are outstanding, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

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

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:**
- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes, Index linked Notes or Credit-Linked Notes), should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9 (*Prescription*)).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note, Index Linked Note or Credit-Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due

date (whether or not attached) shall become void and no payment shall be made in respect of them.

- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9 (*Prescription*)).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" in the relevant Final Terms and:
 - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day.
- (i) **Undated Subordinated Notes:** In relation to any Undated Subordinated Note in definitive form, if any payment is to be made in respect of interest the Interest Date for which falls on or after the date on which the Winding Up of the Issuer is deemed to have commenced or notice has been given by the administrator of the Issuer of a Qualifying Administration of the Issuer (as the case may be), such payment shall be made only against presentation of the relevant Note and the Coupon for any such Interest Date shall be void. In addition, any Undated Subordinated Note in definitive form presented for payment after an order is made or an effective resolution is passed for the Winding Up of the Issuer or after notice has been given by the administrator of the Issuer of a Qualifying Administration of the Issuer (as the case may be) must be presented together with all Coupons in respect of Arrears of Interest relating to Interest Dates falling prior to such commencement of the Winding Up of the Issuer or the giving of such notice by the administrator, failing which there shall be withheld from any payment otherwise due to the holder of such Undated Subordinated Note such proportion thereof as the Arrears of Interest due in respect of any such missing Coupon bears to the total of the principal amount of the relevant Undated Subordinated Note, all Arrears of Interest in respect thereof and interest (other than Arrears of Interest) accrued on such Undated Subordinated Note in respect of the Interest Accrual Period current at the date of the commencement of the Winding Up or Qualifying Administration.

8. **Taxation**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or

thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay (subject, in the case of the Undated Subordinated Notes, to Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*)) such additional amounts as shall result in receipt by the Noteholders and Couponholders 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 with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom, other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or
- (c) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or
- (d) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive; or
- (e) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 (*Redemption, Purchase and Options*) or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

Notwithstanding any other provision in these Conditions, the Issuer, and the Paying Agents, shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US IRS ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

9. **Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. **Events of Default**

- (a) **Senior Notes:** This Condition 10(a) (*Senior Notes*) only applies to Senior Notes. If any of the following events (each an "**Event of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Senior Notes are, and they shall immediately become, due and payable at their Early Redemption Amount (determined in accordance with Condition 6(b) (*Early Redemption*)) together (if applicable) with accrued interest (if any):
- (i) **Non-Payment:** default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or
 - (ii) **Breach of Other Obligations:** the Issuer fails to perform or observe any of its other obligations under the Senior Notes or the Trust Deed (except in any case where the Trustee considers the failure to be incapable of remedy, when no such continuation or notice as is described in this Condition 10(a)(ii) (*Breach of Other Obligations*) shall be required) and such failure continues for the period of 45 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
 - (iii) **Cross-Default:** (A) any indebtedness for borrowed money of the Issuer or any Material Subsidiary (a) is not paid on the due date for payment, as extended by any applicable grace period, or (b) becomes due and payable prior to its stated maturity by reason of an event of default (howsoever described), or (B) any guarantee of or indemnity in respect of any payment in respect of indebtedness for borrowed money of any third party given by the Issuer or any Material Subsidiary (other than a guarantee or indemnity in respect of indebtedness for borrowed money of a Subsidiary of the Issuer owing to the Issuer or any of its Subsidiaries) is not honoured when it becomes due and is called upon (or within any originally applicable grace period) or (C) any security given by the Issuer or any Material Subsidiary for any indebtedness becomes enforceable and the holder thereof takes any steps to enforce it, **provided that** no such event shall constitute an Event of Default unless the indebtedness or other relative liability either alone or when aggregated with the principal amount of other indebtedness for borrowed money or other relative liability shall amount to at least £15,000,000 (or its equivalent in any other currency) and **provided further that**, for the purposes of this Condition 10(a)(iii) (*Cross-Default*), neither the Issuer nor any Material Subsidiary shall be deemed to be in default with respect to any such indebtedness, guarantee or indemnity if it is taking action in good faith in appropriate legal proceedings to dispute its liability to make payment thereunder and has been advised by independent legal advisers of recognised standing that it is reasonable for it to do so; or
 - (iv) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a substantial part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 90 days; or
 - (v) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created over all or a substantial part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the

taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person) and not dismissed, discharged or stayed within 45 days; or

- (vi) **Insolvency:** the Issuer or any of its Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries; or
- (vii) **Winding-up:** an administrator is appointed or an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries and any resulting administration or winding-up or dissolution process remains undismissed for 45 days, or the Issuer or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or substantially all of its business or operations, in each case except (a) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger, consolidation or substitution (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of its Material Subsidiaries or (b) a disposal on an arm's length basis of any assets or any part of the business of a Material Subsidiary; or
- (viii) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done,

provided that, other than in the case of paragraphs (i) and (in the case of the Issuer only) (vii) above, the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

- (b) **Subordinated Notes:** This Condition 10(b) (*Subordinated Notes*) only applies to Subordinated Notes.
 - (i) If default is made in the payment of any principal in respect of the Notes for a period of 14 days or more after the due date for the same, or in the payment of any interest or Arrears of Interest for a period of 14 days or more after the date on which any payment of interest or Arrears of Interest is due (each an "**Event of Default**"), the Trustee may, subject as provided in Conditions 12(a)(i) and (ii) (*Enforcement*), at its discretion and without further notice, institute proceedings for the winding-up of the Issuer in England (but not elsewhere) and/or prove in any winding-up or administration of the Issuer (whether in England or elsewhere), but may take no other action in respect of such default.

The right to institute winding up proceedings is limited to circumstances where the relevant payment of principal or interest (as the case may be) has become due. In the case of Undated Subordinated Notes, no principal, premium, interest or any other amount will be due unless the condition to payment set out in Condition 3(b) (Status and Subordination of Subordinated Notes) is satisfied. Also, in the case of any payment of interest in relation to Undated Subordinated Notes or Dated Subordinated Notes that are Upper Tier 3 Capital, such payment will not be due if the Issuer has elected to defer that payment pursuant to Condition 5(m) (Deferral of Interest on Undated Subordinated Notes) or 3(c) (Dated Subordinated Notes: Deferral of Payments) respectively.

- (ii) The Trustee may, subject as provided in *Conditions 12(a)(i) and (ii) (Enforcement)*, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed or the Notes (other than any obligation for payment of any principal or interest in respect of the Notes including any damages for breach of any obligation) **provided that** the Issuer shall not by virtue of any such proceedings (save for any proceedings for the winding-up of the Issuer) be obliged to pay (i) any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it or (ii) any damages (save in respect of the Trustee's fees and expenses incurred by it in its personal capacity).

The restriction in Condition 10(b)(ii) (Subordinated Notes) on the payment of damages has the effect of limiting the remedies available to the Trustee and the Noteholders in the event of a breach of certain covenants (other than payment covenants) by the Issuer.

- (iii) If, other than in the case of Undated Subordinated Notes, in the event of the commencement of the winding-up of the Issuer (except in any such case a winding-up for the purpose of a reconstruction, amalgamation, merger, consolidation or the substitution in place of the Issuer of a successor in business the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders) (also an "**Event of Default**"), the Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding (as defined in the Trust Deed) or so directed by an Extraordinary Resolution of the Noteholders shall, (subject to it first being indemnified and/or secured and/or prefunded to its satisfaction), (i) give notice to the Issuer that the Notes are immediately due and repayable (and the Notes shall thereby become so due and repayable) at their principal amount together with accrued interest as provided in the Trust Deed and/or (ii) prove in the winding-up or administration of the Issuer.

The Issuer has undertaken in the Trust Deed forthwith to give notice in writing to the Trustee of the occurrence of any Event of Default referred to in Conditions 10(a)(i) and 10(a)(iii)(Senior Notes) and 10(b)(Subordinated Notes) above.

(c) **Interpretation**

For the purposes of Condition 10(a) (*Senior Notes*), a "**Material Subsidiary**" means at any time a Subsidiary of the Issuer:

- (i) whose total operating income (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 5 per cent. of the consolidated total operating income of the Issuer, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, **provided that** in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;
- (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, **provided that** the transferor Subsidiary shall upon such transfer forthwith

cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this sub-paragraph (c)(ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (c)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

- (iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate total operating income equal to) not less than 5 per cent. of the consolidated total operating income of the Issuer, or represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in sub-paragraph (a)(i) above, **provided that** the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total operating income equal to) not less than 5 per cent. of the consolidated total operating income of the Issuer, or its assets represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in sub-paragraph (c)(i) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this sub-paragraph (c)(iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (c)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition, all as more particularly defined in the Trust Deed.

(d) **Reports**

A report by two Directors of the Issuer whether or not addressed to the Trustee that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

11. **Meetings of Noteholders, Modification, Waiver and Substitution**

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption

Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (viii) (in the case of Subordinated Notes), modifying the provisions regarding subordination, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

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

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

- (b) **Modification of the Trust Deed and Waiver:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable thereafter.

No modification of these Conditions insofar as it relates to the terms and conditions of any Series of either Dated Subordinated Notes or Undated Subordinated Notes shall be effected without the prior consent of, or notification to (and no objection being raised by), the FSA.

- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or any parent company of the Issuer, in place of the Issuer or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed **provided that** such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

No such substitution shall be effected in relation to any Series of Dated Subordinated Notes or Undated Subordinated Notes without the prior consent of, or notification to (and no objection being raised by), the FSA.

- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12. **Enforcement**

- (a) Without prejudice to Condition 10(b) (*Subordinated Notes*), at any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such

proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing and then only in the name of the Trustee and on giving an indemnity and/or granting security and/or prefunding satisfactory to the Trustee and only to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

- (b) In the case of Subordinated Notes, no remedy against the Issuer other than as referred to in Condition 10(b) (*Subordinated Notes*) shall be available to the Trustee, the Noteholders or the Couponholders whether for the recovery of amounts owing in respect of the Subordinated Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Subordinated Notes or under the Trust Deed.

13. **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

14. **Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall,

and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16. **Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. 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 first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17. **Contracts (Rights of Third Parties) Act 1999**

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

18. **Governing Law**

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

STANDARD TERMS FOR CREDIT-LINKED NOTES

All capitalised terms not otherwise defined herein shall have the meanings given to them in the Trust Deed unless otherwise specified in these Standard Terms for Credit-Linked Notes (these "**Terms**") or the Final Terms. The Terms and Conditions of the Notes apply to all Credit-Linked Notes and, in the event of any inconsistency between the Terms and Conditions of the Notes and these Standard Terms for Credit-Linked Notes, these Standard Terms for Credit-Linked Notes shall prevail. In the event of any inconsistency between the meanings of a term defined in both the Standard Terms for Credit-Linked Notes and the Final Terms, the meaning given to such term in the Final Terms shall prevail.

1. **Credit Event Terms**

The Final Terms shall specify:

- (a) the type of Credit-Linked Notes which may be any of the following:
 - (i) Single Reference Entity Cash CLN;
 - (ii) Single Reference Entity Physical CLN;
 - (iii) Single Reference Entity Cash or Physical CLN;
 - (iv) nth-to-Default Cash CLN;
 - (v) nth-to-Default Physical CLN;
 - (vi) nth-to-Default Cash or Physical CLN;
 - (vii) Basket Cash CLN;
 - (viii) Basket Physical CLN;
 - (ix) Basket Cash or Physical CLN; or
 - (x) Credit-Linked Notes of a type other than those set out in (i) to (ix) above as specified in the Final Terms (including, without limitation, Credit-Linked Notes which are a combination of one or more of the above, for example, notes which have different settlement methods for Bonds and Loans);
- (b) the Reference Entity or Reference Entities in respect of which a Credit Event may occur (which shall include any Successor(s) thereto);
- (c) the Reference Obligation(s) (if any) in respect of each Reference Entity;
- (d) the Settlement Method and, if applicable, the Fallback Settlement Method;
- (e) whether the Transaction Type Standard Terms are applicable and, if so, the relevant Transaction Type(s), as the case may be;
- (f) the Trade Date and the Scheduled Termination Date;
- (g) the Credit-Linked Payer Calculation Amount in respect of each Reference Entity;
- (h) the relevant Credit Events, including (i) whether Grace Period Extension applies (which enables a Potential Failure to Pay that occurred prior to the Scheduled Termination Date but that resulted in a Failure to Pay after the Scheduled Termination Date to be a Credit Event), (ii) whether there is any Default Requirement or Payment Requirement for an amount other than U.S.\$10,000,000 and U.S.\$1,000,000 respectively, and (iii) where Restructuring is specified as an applicable Credit Event, whether "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" applies or, as the case may be, "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" applies or otherwise if neither applies;

- (i) the Obligations in respect of which the Credit Event may occur, including the Obligation Category and the Obligation Characteristics;
- (j)
 - (i) the Deliverable Obligations that may be Delivered or used to calculate the Cash Settlement Amount or Alternative Cash Settlement Amount, as the case may be, including the Deliverable Obligation Category and the Deliverable Obligation Characteristics;
 - (ii) the designation of each Reference Entity for the purposes of the definitions of Capped Reference Entity and Non-Capped Reference Entity;
- (k) the relevant Conditions to Settlement that have to be satisfied upon the occurrence of a Credit Event;
- (l) if "**Auction Settlement**" is specified as the Settlement Method, whether Credit Derivatives Determinations Committee Extension is applicable; and
- (m) whether any of the Additional Provisions set out in Term 16 (*Additional Provisions – Monoline Insurer as Reference Entity (January 2005)*) are applicable, in which case these Terms shall take effect subject to the provisions thereof.

2. **Final Redemption and Maturity Date**

- (a) Unless either (i) the CLNs have been previously redeemed or purchased and cancelled, or (ii) an Event Determination Date has occurred in respect of a Reference Entity, the Issuer will redeem each of the CLNs on the Maturity Date in an amount equal to its outstanding principal amount together with interest accrued or any redemption premium in accordance with the applicable Final Terms on the Maturity Date.
- (b) The Calculation Agent may deliver to the Issuer and the Issuing and Paying Agent an Extension Notice at any time prior to 11.00 a.m. (London time) two Business Days prior to the Scheduled Termination Date (the "**Final Extension Notice Date**"). As soon as reasonably practicable after the service of an Extension Notice, the Issuer shall promptly inform the Trustee and the Noteholders in accordance with Condition 16 (*Notices*).
- (c) For the purposes of Credit-Linked Notes, "**Maturity Date**" means:
 - (i) the Scheduled Termination Date, or if later,
 - (ii) the date which is three Business Days following the earlier of:
 - (A) the date on which the Cancellation Notice is given; or
 - (B) the Extended Maturity Date.

If an Event Determination Date occurs on or prior to the Extended Maturity Date, **provided that** in the case of Physically Settled CLNs, the Notice of Physical Settlement has been delivered by the Physical Determination Date, redemption of the CLNs shall be subject to and in accordance with the relevant provisions of these Terms.

3. **Notices**

- (a) In accordance with these Terms, the Calculation Agent may deliver a Credit Event Notice and (if applicable) a Notice of Publicly Available Information to the Issuer and the Issuing and Paying Agent at any time during the Notice Delivery Period.
- (b) The Issuer shall give notice or shall procure that notice is given (the "**Event Determination Notice**") to the Trustee and the Noteholders in accordance with Condition 16 (*Notices*), that an Event Determination Date has occurred as soon as reasonably practicable after receiving notification of such Event Determination Date from the Calculation Agent.

- (c) Where the CLNs are Single Reference Entity Cash or Physical CLN, Nth-to-Default Cash or Physical CLN or Basket Cash or Physical CLN, the Issuer shall give notice or shall procure that notice is given (the "**Election Notice**") to the Trustee, the Issuing and Paying Agent, the Calculation Agent and the Noteholders in accordance with Condition 16 (*Notices*) on or before the tenth calendar day after the Event Determination Date, that the Issuer elects that the CLNs will be Cash Redeemed or Physical Redeemed, as the case may be.
- (d) Where the CLNs are Nth-to-Default Cash CLNs or Nth-to-Default Physical CLNs or Nth-to-Default Cash or Physical CLNs, the Calculation Agent may give a Credit Event Notice (and the Notice of Publicly Available Information and/or Notice of Physical Settlement, as applicable) in respect of a Credit Event that has occurred in relation to any of the Reference Entities (which Credit Event may or may not be the first to occur). If a Credit Event occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall in its sole discretion select which Reference Entity shall be deemed to be subject to the Credit Event provisions, if any.
- (e) Where Restructuring is specified in the relevant Final Terms as being an applicable Credit Event, there may be more than one Event Determination Date in respect of the same Reference Entity as further described in Term 15 (*Restructuring Credit Event*) below. In addition, in the case of a Basket Cash CLN, Basket Physical CLN or Basket Cash or Physical CLN, there may be multiple Event Determination Dates but, other than as set out in the preceding sentence, only one Event Determination Date in respect of each Reference Entity. An Event Determination Date in respect of more than one Reference Entity may occur on any one date. The provisions set out in these Terms set out the mechanics that apply in respect of one Reference Entity and shall apply severally to each Reference Entity for a Basket Cash CLN, Basket Physical CLN or Basket Cash or Physical CLN.
- (f) In the case of a Physically Settled CLN, a Notice of Physical Settlement must be delivered by the Calculation Agent to the Trustee, the Issuing and Paying Agent, the Noteholders and the Issuer on or before the thirtieth calendar day after the relevant Event Determination Date (such thirtieth calendar day being the "**Physical Determination Date**"). For purposes of determining whether such Notice of Physical Settlement has been so delivered by the Physical Determination Date, the effective date of delivery of the Notice of Physical Settlement (whether or not subsequently changed) shall be used. Notices to Noteholders shall be delivered in accordance with Condition 16 (*Notices*).

If a Notice of Physical Settlement is not delivered on or before the Physical Determination Date, the CLNs will then be redeemed in accordance with Term 8 (*Cash Settlement*) except that for the purposes of interpreting such Term 8, the Cash Settlement Date shall be deemed to be five Business Days after the Physical Determination Date.

- (g) Where an Event Determination Date Reversal has occurred pursuant to Term 13 (*Reversals and Adjustments to Event Determination Dates*), the Issuer shall give notice or shall procure that notice is given to the Trustee, the Issuing and Paying Agent, the Calculation Agent and the Noteholders in accordance with Condition 16 (*Notices*), of the occurrence of such Event Determination Date Reversal.
- (h) In the case of a Cash Settled CLN where "**Auction Settlement**" is specified as the Settlement Method, if, pursuant to Term 10(c) (*Auction Settlement*), the Fallback Settlement Method is to apply, the Issuer shall give notice or shall procure that notice is given to the Trustee, the Issuing and Paying Agent, the Calculation Agent and the Noteholders in accordance with Condition 16 (*Notices*) that the Fallback Settlement Method, as specified in the applicable Final Terms, is to apply.
- (i) Where Repudiation/Moratorium is specified in the relevant Final Terms as being an applicable Credit Event, the Calculation Agent may give a Repudiation/Moratorium Extension Notice to the Issuer and the Issuing and Paying Agent (which may also be deemed to be an Extension Notice for the purposes of Term 2 (*Final Redemption and Maturity Date*)) in accordance with the terms thereof.

- (j) In relation to the delivery by the Calculation Agent to the Issuer and/or the Issuing and Paying Agent of any notice pursuant to these Terms, a notice delivered on or prior to 4.00 p.m. (London time) on a Business Day will be effective on such Business Day. A notice delivered after 4.00 p.m. (London time) on a Business Day or on a day which is not a Business Day will be deemed effective on the next following Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.
- (k) As soon as reasonably practicable after the service of any notice on the Issuer in accordance with these Terms, the Issuer shall promptly inform the Trustee and the Noteholders of the content of such notices in accordance with Condition 16 (*Notices*) (if the Trustee and the Noteholders have not already received a copy of such notice).

4. **Interest**

- (a) Subject to Term 5 (*Interest Postponement*) and paragraph (b) below, if an Extension Notice has been given, (unless one or more Event Determination Dates occur in which case sub-paragraph (b) below shall apply in respect of the Credit Event Portion) the CLNs will continue to bear interest from (and including) the Scheduled Termination Date to (but excluding) the Extended Maturity Date (or the date on which the Cancellation Notice is deemed to be delivered). Such interest shall accrue on the outstanding principal amount of the CLNs at a rate equal to the rate that the Issuing and Paying Agent would pay to an independent institutional customer for a deposit of an equivalent period.
- (b) Upon the occurrence of an Event Determination Date and subject to Term 13 (*Reversals and Adjustments to Event Determination Dates*), interest on the Credit Event Portion of the CLNs shall cease to accrue in the manner specified in the Final Terms. The Final Terms may specify that:
 - (i) interest ceases to accrue from the Interest Payment Date immediately preceding the Event Determination Date (or, in the case of the first Interest Period, the Interest Commencement Date);
 - (ii) interest ceases to accrue from (but excluding) the Event Determination Date; or
 - (iii) interest ceases to accrue from the Interest Payment Date immediately preceding the relevant Cash Settlement Date, Auction Settlement Date, Physical Settlement Date or Delivery Date, as applicable (or, in the case of the first Interest Period, the Interest Commencement Date).

5. **Interest Postponement**

- (a) If an Applicable Request in respect of a Credit Event is made on or prior to any Interest Payment Date or in respect of which an Applicable Resolution has not been published, the payment of interest (if any) scheduled to be paid to Noteholders on or about such Interest Payment Date will be suspended. If in connection with such Applicable Request either (i) an Applicable DC Credit Event Announcement is made but the Calculation Agent determines that the Event Determination Date relating thereto is a date falling after such Interest Payment Date, or (ii) an Applicable DC No Credit Event Announcement is made, payment of the suspended interest will be made two Business Days after the date the Event Determination Date is so determined or the date of the Applicable DC No Credit Event Announcement, as applicable. If in connection with such Applicable Request, an Applicable DC Credit Event Announcement is made and the Calculation Agent determines that the Event Determination Date relating thereto is a date falling on or prior to such Interest Payment Date, no payment of the suspended interest will be made.

- (b) No additional amount in respect of interest and no adjustment shall be made to the amount of any interest in connection with the delay or postponement of any payment of interest pursuant to sub-paragraph (a) above. The Issuer shall endeavour to give notice to the Noteholders in accordance with Condition 16 (*Notices*) as soon as reasonably practicable should any payment of interest be suspended and/or postponed pursuant to this Term 5.

6. **Redemption Suspension**

If, following the determination of an Event Determination Date in accordance with sub-paragraph (a) of the definition of Event Determination Date but prior to the Maturity Date, the Cash Settlement Date, the Auction Cash Settlement Date, the relevant Physical Settlement Date, a Delivery Date or, to the extent applicable, a Valuation Date, as applicable, the Calculation Agent determines that a Suspension Event has occurred, the timing requirements relating to notices of physical settlement and the timing requirements of Terms 2 (*Final Redemption and Maturity Date*), 8 (*Cash Settlement*), 9 (*Physical Settlement*) and 10 (*Auction Settlement*) of these Terms, as applicable, or any other provision of these Terms and the Notes that pertains to redemption and settlement, shall toll and remain suspended until the Suspension Event Cessation Date. During such suspension period, neither the Calculation Agent nor the Issuer is obliged to take any action in connection with the redemption and settlement of the Notes. The relevant timing requirements and redemption and settlement provisions, as applicable, that have previously tolled or been suspended shall resume on the Business Day following the relevant Suspension Event Cessation Date with the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Term 6. Without prejudice to any amounts payable pursuant to Term 13 (*Reversals and Adjustments to Event Determination Dates*) of these Terms, no additional amounts shall be payable by the Issuer in connection with any such suspension.

7. **Calculation Agent**

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to these Terms Notes shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. In performing its duties pursuant to the CLNs, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the CLNs including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent or the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

8. **Cash Settlement**

- (a) In the case of a Cash Settled CLN where "*Cash Settlement*" is specified as the Settlement Method in the Final Terms or where "*Cash Settlement*" is specified as the Fallback Settlement Method and the Fallback Settlement Method applies, upon the satisfaction of the Conditions to Settlement on or prior to the last day of the Notice Delivery Period, the Issuer shall redeem the relevant Credit Event Portion of the CLNs on the Cash Settlement Date by payment of the relevant Cash Settlement Amount to the Noteholders, such amount to be apportioned *pro rata* among the Noteholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Specified Currency.
- (b) If the CLNs are partially redeemed, the relevant Note or, if the CLNs are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption.

9. **Physical Settlement**

- (a) In the case of a Physically Settled CLN, upon the satisfaction of the Conditions to Settlement by the Physical Determination Date, the Issuer shall redeem the Credit Event Portion of the CLNs on or prior to the relevant Physical Settlement Date by using its reasonable endeavours to Deliver the relevant Portfolio, subject to paragraphs (c) and (d) below, to the Noteholders, in each case, to be apportioned *pro rata* among such Noteholders.
- (b) If the CLNs are partially redeemed, the relevant CLN or, if the CLNs are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption.
- (c)
- (1) If the CLNs are represented by one or more Global Notes, delivery of the Portfolio will (subject as provided below) be made against presentation or surrender, as the case may be, of the relevant Global Note at the specified office of any Paying Agent outside the United States and delivery of a duly completed Asset Transfer Notice by the relevant Noteholder to such Paying Agent. A record of each delivery made against presentation or surrender of such Global Note will be made on such Global Note on behalf of the Issuer by the Paying Agent to which such Global Note is presented for the purpose of making such delivery, and such record shall be *prima facie* evidence that the delivery in question has been made.

The holder of a Global Note shall be the only person entitled to receive delivery of the relevant Portfolio in respect of CLNs represented by such Global Note and the Issuer will be discharged by delivery to, or to the order of, the holder of such Global Note in respect of each amount so delivered. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of CLNs represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each delivery so made by the Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the Issuer in respect of any deliveries due on that Global Note. No person shall have any claim against the Trustee in respect of any deliveries due on any Global Note.

- (2) If the CLNs are in definitive form, in order to obtain delivery of the *pro rata* share of the Portfolio in respect of any Note, if such Note is in definitive form, the relevant Noteholder must deliver (i) if such Note is a Bearer Note, to any Paying Agent or (ii) if such Note is a Registered Note, to the Registrar or any Paying Agent, in each case with a copy to the Issuer, not later than the close of business in each place of reception on the Asset Transfer Notice Cut-Off Date specified in the applicable Final Terms, a duly completed Asset Transfer Notice.
- (3) Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Registrar or any Paying Agent and the Note must be delivered together with the duly completed Asset Transfer Notice.

An Asset Transfer Notice must:

- (i) specify the name and address of the relevant Noteholder, the person from whom the Issuer may obtain details for the delivery of the relevant Portfolio and any details required for delivery of the relevant Portfolio set out in the applicable Final Terms;
- (ii) include an undertaking to pay all Delivery Expenses;
- (iii) specify an account to which any amount payable or any other cash amounts specified in the applicable Final Terms as being payable are to be paid; and
- (iv) authorise the production of such notice in any applicable administrative or legal proceedings.

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

Failure to properly complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in the Terms and Conditions shall be made by the relevant Paying Agent or the Registrar, as the case may be, after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

- (d) If the Issuer is unable to Deliver any portion of the Portfolio on or prior to the Physical Settlement Date due to any Potential Cash Settlement Event or Hedge Disruption Event, rendering it impossible or illegal for the Issuer to Deliver or for the Noteholder to accept Delivery of any portion of the Portfolio on or prior to the Physical Settlement Date, then on such date the Issuer shall give notice to the Trustee (in accordance with Condition 16 (*Notices*)) of its inability to Deliver any portion of the Portfolio and shall:
- (i) Deliver that portion of the Portfolio in respect of which Delivery is possible and legal and the Issuer shall continue to endeavour to Deliver any Undeliverable Obligation; and
 - (ii) if any Undeliverable Obligations have not been delivered on or prior to the Latest Permissible Physical Settlement Date, then Alternative Cash Settlement shall apply to such Undeliverable Obligations as determined by the Calculation Agent on the Undeliverable Valuation Date.

The Issuer shall pay the Noteholders an amount equal to the Alternative Cash Settlement Amount (based on and determined by the Calculation Agent in its sole discretion, with respect to each Undeliverable Obligation, (i) the Final Price calculated in accordance with the Alternative Cash Settlement Specifications specified in the Final Terms; or (ii) if the Calculation Agent determines that there has been an Applicable Auction and an Auction Final Price has been published, such Auction Final Price; or (iii) if no Alternative Cash Settlement Specifications are specified in the applicable Final Terms, the Standard Alternative Cash Settlement Specifications) to be apportioned *pro rata* amongst the Noteholders on the Settlement Date.

- (e) If the Issuer is unable to Deliver any portion of the Portfolio on the Physical Settlement Date other than as a result of a Potential Cash Settlement Event (for the avoidance of doubt, including the occurrence of a Hedge Disruption Event), the Issuer may continue to attempt to Deliver the Deliverable Obligations that are Bonds or Loans by the Extended Physical Settlement Date or, if applicable pursuant to sub-paragraph (f) below, the Further Extended Physical Settlement Date.

If the Issuer is unable to Deliver any portion of the Portfolio on or prior to the Extended Physical Settlement Date or Further Extended Physical Settlement Date rendering it impossible or illegal for the Issuer to Deliver or for the Noteholder to accept Delivery of any portion of the Portfolio on or prior to the Extended Physical Settlement Date or Further Extended Physical Settlement Date, then on such date the Issuer shall give notice to the Trustee (in accordance with Condition 16 (*Notices*)) of its continued inability to Deliver any portion of the Portfolio and Alternative Cash Settlement shall apply to such Undeliverable Obligations as determined by the Calculation Agent on the Undeliverable Valuation Date. For the avoidance of doubt, the Alternative Cash Settlement Amount shall be determined by the Calculation Agent in accordance with sub-paragraph (d) above).

- (f) If, under the terms of a Hedge Transaction, any Bonds or Loans comprising part of the relevant Deliverable Obligations ("**Original Bonds**" and "**Original Loans**", respectively) may not be received by the Issuer and/or any of its Affiliates on or before the Extended Physical Settlement Date but the Issuer and/or any of its Affiliates may, in accordance

with the terms of the Hedge Transaction, receive or otherwise obtain such Original Bonds or such Original Loans or other Bonds or Loans in lieu thereof on or before the date falling three Business Days (in a case where Original Bonds may be received or otherwise obtained after the Extended Physical Settlement Date) or 10 Business Days (in a case where Original Loans or other Loans or Bonds in lieu thereof may be received or otherwise obtained after the Extended Physical Settlement Date) after the Extended Physical Settlement Date, the Issuer shall be entitled to Deliver such relevant Deliverable Obligations to a date falling up to three Business Days or 10 Business Days, respectively, after the Extended Physical Settlement Date, or to such earlier date as the Calculation Agent may select in its absolute discretion (the "**Further Extended Physical Settlement Date**"). The Calculation Agent shall notify the Issuer and the Issuing and Paying Agent of such Further Extended Physical Settlement Date. As soon as reasonably practicable after receiving such notice from the Calculation Agent, the Issuer shall give notice or procure that notice is given to the Trustee, the Issuing and Paying Agent and the Noteholders in accordance with Condition 16 (*Notices*). If the Issuer has failed to deliver all, or part of, such relevant Deliverable Obligations by such Further Extended Physical Settlement Date, the provisions of sub-paragraph (e) above shall apply.

- (g) Where a Noteholder holds more than one CLN, the CLNs held by such Noteholder and the Outstanding Principal Balance of the Deliverable Obligations to be Delivered in respect of each CLN held by such Noteholder shall be aggregated for the purposes of this Term 9. If the nominal amount of the Deliverable Obligations to be Delivered in respect of the relevant CLN(s) to be redeemed pursuant to this Term on any occasion is not equal to an authorised denomination (or integral multiple thereof) of such Deliverable Obligations then the nominal amount of Deliverable Obligations to be Delivered will be rounded down to the nearest authorised denomination or multiple thereof, or, if none, zero. In such circumstances, the Deliverable Obligations that were not capable of being Delivered shall, if and to the extent practicable, be sold by an agent appointed by the Issuer for such purpose and, if they are so sold, each Noteholder shall receive an amount in cash equal to his *pro rata* share of the sale proceeds.
- (h) The Delivery of any of the Deliverable Obligations pursuant to the provisions of these Terms shall be made in such commercially reasonable manner as the Calculation Agent shall, in its sole discretion, determine to be appropriate for such Delivery. Any recordation, processing or similar fee reasonably incurred by the Issuer and payable to the agent under a Loan in connection with an assignment (where Deliverable Obligations include Assignable Loans or Consent Required Loans) shall be payable by the Issuer and the relevant Noteholder equally, and any Stamp Tax (as defined in the Credit Derivatives Definitions) payable in connection with the Delivery of any Deliverable Obligations shall be paid by the Noteholders. Any other expenses arising from the Delivery and/or transfer of the Deliverable Obligations shall be for the account of the relevant Noteholder or the Issuer, as appropriate, determined in accordance with then current market conventions. Delivery and/or transfer of the Deliverable Obligations shall be delayed until all expenses relating to such Delivery or transfer payable by the Noteholders have been paid to the satisfaction of the Issuer.
- (i) After delivery of any Deliverable Obligation and for the Intervening Period, none of the Issuer, the Calculation Agent, the Trustee and any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

10. **Auction Settlement**

- (a) In the case of a Cash Settled CLN where "**Auction Settlement**" is the applicable Settlement Method specified in the Final Terms, the Issuer shall redeem the relevant Credit Event Portion of the CLNs on the Auction Cash Settlement Date by payment of the relevant Auction Cash Settlement Amount to the Noteholders, such amount to be apportioned *pro rata* among the Noteholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Specified Currency.
- (b) If the CLNs are partially redeemed, the relevant Note or, if the CLNs are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption.
- (c) Without prejudice to the foregoing, but without duplication of settlement, if the Calculation Agent determines:
 - (i) except where the Calculation Agent delivers a Notice to Exercise Movement Option to the Noteholders on or prior to the Movement Option Cut-off Date, that with respect to a Credit Event no Applicable Auction is being, or will be, held; or
 - (ii) with respect to a Credit Event and any relevant Applicable Request, Applicable Resolution and/or Applicable Auction, that (A) an Auction Cancellation Date has occurred, (B) a No Auction Announcement Date has occurred (and, in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of the definition of No Auction Announcement Date, the Calculation Agent has not exercised the Movement Option), (C) ISDA has publicly announced that a relevant Credit Derivatives Determinations Committee has Resolved, following a relevant Credit Event Resolution Request Date, not to determine the matters described in the definitions of Credit Event Resolution Request Date, (D) an Event Determination Date was determined pursuant to sub-paragraph (a) of the definition of Event Determination Date and no relevant Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Event Determination Date (or such longer or lesser period as determined by the Calculation Agent taking into account any hedging transactions entered into by the Issuer in respect of the CLNs), or (E) an Event Determination Date was determined pursuant to sub-paragraph (b)(ii) of the definition of Event Determination Date,

then the Issuer shall, subject to the occurrence of a Credit Event and satisfaction of the Conditions to Settlement, notwithstanding that "**Auction Settlement**" is specified as the Settlement Method in the relevant Final Terms, redeem each Note in accordance with Term 8 (*Cash Settlement*) (if "*Cash Settlement*" is specified in the applicable terms as the Fallback Settlement Method) by payment of the Cash Settlement Amount or with Term 9 (*Physical Settlement*) if "*Physical Settlement*" is specified in the applicable terms as the Fallback Settlement Method.

- (d) If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the Final Terms and the Calculation Agent determines in respect of a Restructuring Credit Event that a No Auction Announcement Date has occurred pursuant to sub-paragraph (b) of the definition of No Auction Announcement Date, the Calculation Agent may elect in its sole and absolute discretion to deliver a Notice to Exercise Movement Option to the Issuer and Issuing and Paying Agent at any time on or prior to the Movement Option Cut-off Date. If a Notice to Exercise Movement Option is so delivered, then provided the related Event Determination Date is not reversed on or prior to the relevant Auction Cash Settlement Date, the Notes shall be redeemed on the Auction Cash Settlement Date at their Auction Cash Settlement Amount, for which purposes the Auction Cash Settlement Date and the Auction Cash Settlement Amount shall be determined by reference to the relevant Parallel Auction identified by the Calculation Agent in the Notice to Exercise Movement Option. If a Notice to Exercise Movement Option is delivered by the Calculation Agent, all

references in these Terms to "Applicable Auction", "Applicable Auction Settlement Terms", "Auction Cancellation Date", "Auction Final Price Determination Date" and "Auction Settlement Date" shall be deemed to be references to the "Parallel Auction", "Parallel Auction Settlement Terms", "Parallel Auction Cancellation Date", "Parallel Auction Final Price Determination Date" and "Parallel Auction Settlement Date" and shall be construed accordingly.

11. Cash or Physical Settlement

After the delivery of the Election Notice pursuant to Term 3(c) (*Notices*):

- (a) where the Issuer has elected that the CLNs will be Cash Redeemed, such Cash or Physical CLN shall be deemed to be a Cash Settled CLN and redeemed in accordance with Term 8 (*Cash Settlement*) or Term 10 (*Auction Settlement*), as applicable; and
- (b) where the Issuer has elected that the CLNs will be Physical Redeemed, such Cash or Physical CLN shall be deemed to be a Physically Settled CLN and redeemed in accordance with Term 9 (*Physical Settlement*).

12. Discharge of Obligations

- (a) In the case of a Cash Settled CLN where "*Cash Settlement*" is specified as the Settlement Method or "*Cash Settlement*" is specified as the Fallback Settlement Method, payment by the Issuer of the Cash Settlement Amount to the Noteholders shall discharge all obligations of the Issuer to the Noteholders in respect of the relevant Credit Event Portion of the CLNs.
- (b) In the case of a Cash Settled CLN where "**Auction Settlement**" is specified as the Settlement Method, payment by the Issuer of the Auction Cash Settlement Amount to the Noteholders shall discharge all obligations of the Issuer to the Noteholders in respect of the relevant Credit Event Portion of the CLNs.
- (c) In the case of a Physically Settled CLN, Delivery of the Portfolio and/or payment in full of any Alternative Cash Settlement Amount required to be paid pursuant to these Terms, as the case may be, where appropriate, by the Issuer to the Noteholders pursuant to the provisions of these Terms shall discharge all obligations of the Issuer to the Noteholders in respect of the relevant Credit Event Portion of the CLNs.

13. Reversals and Adjustments to Event Determination Dates

- (a) Notwithstanding anything to the contrary in these Terms, no Event Determination Date will occur, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that the Calculation Agent determines that, prior to the relevant Auction Final Price Determination Date in respect of an Applicable Auction, a related Valuation Date, any relevant Physical Settlement Date (or, if earlier, a Delivery Date), or any other relevant date relating to the redemption of the CLNs, as applicable, an Applicable DC No Credit Event Announcement occurs with respect to the relevant Reference Entity or Obligation thereof.
- (b) If, following the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of a Reference Entity, the related Event Determination Date is deemed to have occurred on a date that is earlier than the date originally determined to be the Event Determination Date for the purposes of the CLN as a result of the application of the definition of Event Determination Date and/or any Applicable Request or Applicable Resolution then:
 - (i) if the Notes are redeemed pursuant to Term 8 (*Cash Settlement*) or Term 10 (*Auction Settlement*), an amount equal to the relevant EDD Adjustment Amount (if any) shall be deducted to the fullest extent possible from the relevant Cash Settlement Amount or Auction Cash Settlement Amount, as applicable; or

- (ii) if the Notes are redeemed pursuant to Term 9 (*Physical Settlement*), the EDD Adjustment Amount (if any) shall be deemed to be a Delivery.
- (c) Without prejudice to Term 10 (*Auction Settlement*), if an Applicable DC No Credit Event Announcement occurs following the determination of an Event Determination Date but prior to the related Auction Final Price Determination Date in respect of an Applicable Auction, a related Valuation Date, any related Physical Settlement Date (or, Delivery Date if earlier), or any other relevant date relating to the redemption of the Notes, as applicable, then the Event Determination Date originally determined for the purposes of the CLNs shall be deemed not to have occurred (an "**Event Determination Date Reversal**"). The occurrence of an Event Determination Date Reversal shall not prejudice the occurrence or determination of any subsequent Event Determination Date(s) in relation to the relevant Reference Entity (if applicable). Notwithstanding Term 4 (*Interest*), if an Event Determination Date Reversal occurs, each Note shall recommence to accrue interest (in accordance with the Conditions and Term 4 (*Interest*) from the Interest Payment Date (the "**Interest Recommencement Date**")) immediately following the relevant Applicable DC No Credit Event Announcement, and an amount equal to the Additional EDD Interest Amount shall be payable on such Interest Recommencement Date. For the avoidance of doubt, in no circumstances shall interest accrue on any Note on or after the Maturity Date or Extended Maturity Date.

14. **Succession Event**

- (a) Where the CLNs are Single Reference Entity Cash CLNs, Single Reference Entity Physical CLNs or Single Reference Entity Cash or Physical CLNs:
 - (i) Where a Succession Event has occurred in respect of a Reference Entity and more than one Successor has been identified, each Successor will be a Reference Entity (each a "**Successor Reference Entity**") for the purposes of the affected Credit-Linked Notes and, for the avoidance of doubt, such Reference Entity shall no longer be a Reference Entity (unless it is also a successor).
 - (ii) If one or more of the Successor Reference Entities have not assumed the Reference Obligation (if any) specified in the relevant Final Terms, the Calculation Agent may select a Substitute Reference Obligation in accordance with the definition of "**Substitute Reference Obligation**".
 - (iii) Where a Credit Event occurs in respect of a Successor Reference Entity, the provisions of Term 1 (*Credit Event Terms*) to Term 12 (*Discharge of Obligations*) (both inclusive) and Term 15 (*Restructuring Credit Event*) shall be deemed to apply to the principal amount represented by that Successor Reference Entity only (the "**Partial Principal Amount**") and all the provisions shall be construed accordingly.
 - (iv) The CLNs shall be redeemed *pro rata* in an amount equal to the Partial Principal Amount only. The CLNs in an amount equal to the outstanding principal amount of the CLNs immediately prior to the redemption thereof less the Partial Principal Amount shall remain outstanding (the "**Remaining Amount**") and interest shall accrue on the Remaining Amount as provided for in Term 4 (*Interest*) (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
 - (v) The provisions of these Terms shall apply to any subsequent Credit Event Notices delivered in respect of any of the other Reference Entities that are identified as a result of the Succession Event.
- (b) Where the CLNs are Basket Cash CLNs, Basket Physical CLNs or Basket Cash or Physical CLNs:
 - (i) Where a Succession Event has occurred in respect of a Reference Entity and more than one Successor has been identified, each Successor will be a

Reference Entity (each a "**Successor Reference Entity**") for the purposes of the affected Credit-Linked Notes and, for the avoidance of doubt, such Reference Entity shall no longer be a Reference Entity (unless it is also a Successor). The Credit-Linked Payer Calculation Amount for each Successor Reference Entity shall be equal to the Credit-Linked Payer Calculation Amount of the original Reference Entity divided by the number of Successor Reference Entities, **provided that** where the Successor Reference Entity is also a Reference Entity, the Credit-Linked Payer Calculation Amount of the Successor Reference Entity determined as aforesaid shall be added to the subsisting Credit-Linked Payer Calculation Amount of such Reference Entity.

- (ii) Following the occurrence of a Succession Event, upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities unaffected by a Succession Event, the Credit Event Portion (for the avoidance of doubt, as defined in item (a) of such definition) of the affected Credit-Linked Notes will be redeemed in accordance with the provisions of these Terms relating to Basket Cash CLNs, Basket Physical CLNs or Basket Cash or Physical CLNs.
 - (iii) Where a Credit Event occurs in respect of a Successor Reference Entity, the provisions of Term 1 (*Credit Event Terms*) to Term 13 (*Reversals and Adjustments to Event Determination Dates*) (both inclusive) and Term 15 (*Restructuring Credit Event*) shall be deemed to apply to the Credit-Linked Payer Calculation Amount of the relevant Successor Reference Entity only (the "**Partial Principal Amount**") and these Terms shall be construed accordingly. Each Note shall thereafter be redeemed in a proportion equal to the relevant proportion which the Partial Principal Amount bears to the aggregate outstanding principal amount of the CLNs as of the Issue Date.
 - (iv) Following a partial redemption of the CLNs pursuant to sub-paragraph (iii) above, interest shall accrue on the remaining outstanding principal amount of the CLNs as provided for in Term 4 (*Interest*) (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate to reflect such partial redemption).
 - (v) The provisions of these Terms shall apply to any subsequent Credit Event Notices delivered in respect of any Reference Entities following the occurrence of a Succession Event. For the avoidance of doubt, the provisions of this sub-paragraph (b) shall apply to each Succession Event.
- (c) Where the CLNs are Nth-to-Default Cash CLNs, Nth-to-Default Physical CLNs or Nth-to-Default Cash or Physical CLNs:
- (i) Where a Succession Event has occurred in respect of a Reference Entity (other than a Reference Entity in respect of which a Credit Event has occurred) (such Reference Entity, a "**Succession Event Reference Entity**" and the Reference Entities unaffected by such Succession Event, the "**Non-Succession Event Reference Entities**") and more than one Successor has been identified, the affected Credit-Linked Notes shall include a Successor (selected by the Calculation Agent in its sole and absolute discretion) and each and every one of the Non-Succession Event Reference Entities. Where there is one or more Successor or Successors, and such Successor or Successors is also a Non-Succession Event Reference Entity, then each such Non-Succession Event Reference Entity shall continue to be Reference Entities and the Calculation Agent shall select an entity to replace the relevant Succession Event Reference Entity, which replacement entity shall be a Successor which is not also a Non-Succession Event Reference Entity or another entity which has a rating (by any of Standard and Poor's, Moody or Fitch) equal to or better than the Succession Event Reference Entity and which falls within the same Transaction Type as the Succession Event Reference Entity. The Credit-Linked Payer Calculation Amount for the entity selected by the Calculation Agent as aforesaid shall be

equal to the Credit-Linked Payer Calculation Amount of the Succession Event Reference Entity.

- (ii) Following the occurrence of a Succession Event, satisfaction of the Conditions to Settlement with respect to the relevant Reference Entity will cause the CLNs to be redeemed in accordance with the provisions of these Terms relating to Nth-to-Default Cash CLNs, Nth-to-Default Physical CLNs or Nth-to-Default Cash or Physical CLNs, as the case may be (including, but not limited to, Term 3(e) (*Notices*)). For the avoidance of doubt, the CLNs shall be redeemed in an amount equal to the Credit-Linked Payer Calculation Amount for the Reference Entity in respect of which a Credit Event occurs.
- (iii) The provisions of these Terms shall apply to any subsequent Credit Event Notices delivered in respect of any Reference Entities following the occurrence of a Succession Event. For the avoidance of doubt, the provisions of this sub-paragraph (c) shall apply to each Succession Event.
- (d) Where the CLNs are Basket Cash CLNs, Basket Physical CLNs or Basket Cash or Physical CLNs, notwithstanding sub-paragraphs (a) to (c) above, if, at any time, upon the occurrence of a Succession Event or otherwise, two or more Reference Entities are the same entity as determined by the Calculation Agent in its absolute discretion, they shall thereafter be deemed only to be one such Reference Entity and the Credit-Linked Payer Calculation Amount in respect of such Successor Reference Entity shall be equal to the sum of the Credit-Linked Payer Calculation Amounts in respect of each of the original Reference Entities which were subject to the Succession Event.
- (e) Where the CLNs are Nth-to-Default Cash CLNs, Nth-to-Default Physical CLNs or Nth-to-Default Cash or Physical CLNs, or Basket Cash CLNs, Basket Physical CLNs or Basket Cash or Physical CLNs, notwithstanding sub-paragraphs (a) to (c) above, if Substitution is specified as being applicable in the Final Terms, the "Additional Provisions where Substitution is Applicable" contained in the First-to-Default Template, as determined by the Calculation Agent in its absolute discretion, shall be deemed to apply *mutatis mutandis* in connection with any Succession Event referred to in sub-paragraph (b) or (c) above.
- (f) In the case of each of sub-paragraphs (a) to (e) above, any determinations and calculations and adjustment to the Final Terms relating to, connected with or as a result of a Succession Event or otherwise shall be made by the Calculation Agent in its sole discretion and in good faith and, in the absence of manifest error, shall be conclusive and binding on all parties. The Final Terms may be amended and restated at such time to reflect the effect of a Succession Event or otherwise without the consent of the Noteholders and the Noteholders are deemed to agree to this provision by purchasing the CLNs.

15. **Restructuring Credit Event**

- (a) If Restructuring is specified in the Final Terms as being an applicable Credit Event, (i) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the Final Terms and (ii) a Restructuring Credit Event occurs, then unless otherwise specified in the Final Terms, the Calculation Agent may deliver multiple Credit Event Notices with respect to such Credit Event (a "**Restructuring Credit Event**"). Accordingly, notwithstanding anything to the contrary in Terms 1 (*Credit Event Terms*) to 14 (*Succession Event*) above (both inclusive), where a Restructuring Credit Event has occurred and the Calculation Agent has delivered a Credit Event Notice for an amount that is less than the aggregate outstanding principal amount of the CLNs or the Credit-Linked Payer Calculation Amount immediately prior to the delivery of such Credit Event Notice (the "**Exercise Amount**"), the provisions of Terms 1 (*Credit Event Terms*) to 14 (*Succession Event*) (both inclusive) shall be deemed to apply to a principal amount equal to the Exercise Amount only and all the provisions shall be construed accordingly.

- (b) The CLNs shall be redeemed *pro rata* in an amount calculated by reference to the Exercise Amount only. The CLNs in an amount equal to the aggregate outstanding principal amount of the CLNs immediately prior to the redemption thereof less an amount calculated by reference to the Exercise Amount shall remain outstanding (the "**Outstanding Amount**") and interest shall accrue on the Outstanding Amount as provided for in Term 4 (*Interest*) (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

The provisions of these Terms shall apply to any subsequent Credit Event Notices delivered in respect of the Reference Entity that was the subject of the Credit Event Notice referred to above on the basis that:

- (i) the Exercise Amount in connection with a Credit Event Notice describing a Credit Event other than a Restructuring must be equal to the then outstanding Credit-Linked Payer Calculation Amount (and not a portion thereof); and
- (ii) the Exercise Amount in connection with a Credit Event Notice describing a Restructuring Credit Event must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the Credit-Linked Payer Calculation Amount is denominated or any integral multiple thereof or the entire then outstanding Credit-Linked Payer Calculation Amount.

In the case of an Nth-to-Default Cash CLN, an Nth-to-Default Physical CLN or an Nth-to-Default Cash or Physical CLN, once the Conditions to Settlement have been satisfied in respect of the relevant Reference Entity where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity referenced by such CLN. In addition, this will not prevent the delivery of Credit Event Notices in relation to any other Reference Entities in respect of which a Succession Event has occurred.

- (c) In the case of a Physically Settled CLN, if "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement or any NOPS Amendment Notice and may be included in the Portfolio only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.

In the case of a Cash Settled CLN, if "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, an obligation may be a Valuation Obligation and may be included in the Valuation Obligations Portfolio only if (i) it is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date. Any references to Physical Settlement Date in the related definitions shall be deemed to be references to Final Price Calculation Date.

- (d) In the case of a Physically Settled CLN, if "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement or any NOPS Amendment Notice and may be included in the Portfolio only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

In the event that the requisite consent in relation to a Deliverable Obligation which is a Conditionally Transferable Obligation is refused (whether or not a reason is given for such refusal and, where a reason is given for such refusal, regardless of that reason) or is not received by the Physical Settlement Date, the Issuer shall promptly notify the relevant Noteholders of such refusal (or deemed refusal) and:

- (i) each such Noteholder may designate a third party (which may or may not be an Affiliate of such Noteholder) to take Delivery of the Deliverable Obligation on its behalf; and
- (ii) if a Noteholder does not designate a third party that takes Delivery on or prior to the date which is three Business Days after the Physical Settlement Date, then the Issuer will redeem the CLNs which have not been Delivered by payment of the relevant Alternative Cash Settlement Amount to such Noteholder.

In the case of a Cash Settled CLN, if "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, an obligation may be a Valuation Obligation and may be included in the Valuation Obligations Portfolio only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

- (e) If the provisions of this Term 15 apply in respect of the CLNs, on redemption of part of each such CLNS, the relevant CLN or, if the CLNs are represented by a Global Note, such Global Note shall be endorsed to reflect such partial redemption.

16. **Additional Provisions - Monoline Insurer as Reference Entity (January 2005)**

If "Additional Provisions - Monoline Insurer as Reference Entity (January 2005)" is specified as applicable in the applicable Transaction Type Standard Terms or Final Terms, as the case may be, the following provisions will apply:

(a) **Obligation and Deliverable Obligation**

Paragraph (a) of the definition of "**Obligation**" in Term 18 (*Definitions*) and paragraph (a) of the definition of "**Deliverable Obligation**" in Term 18 (*Definitions*) are hereby amended by adding "**or Qualifying Policy**" after "**or as provider of a Qualifying Affiliate Guarantee**".

(b) **Interpretation of Provisions**

In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, the definition of "**Deliverable Obligation**" in Term 18 (*Definitions*) will apply with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:

- (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "**obligation**" and "**obligor**" as used in these Standard Terms for Credit-Linked Notes in respect of such an Insured Instrument shall be construed accordingly;
- (ii) references in the definitions of Assignable Loan and Consent Required Loan to **the "guarantor"** and "**guaranteeing**" shall be deemed to include **the "insurer"** and "**insuring**", respectively;
- (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the applicable Final Terms;

- (iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the applicable Final Terms and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and
- (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "**Outstanding Principal Balance**" shall mean the outstanding Certificate Balance and "**maturity**", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (vi) For the avoidance of doubt, the amendments to sub-paragraph (ii) of the definition of "**Qualifying Guarantee**" by the May 2003 Supplement shall not be construed to apply to Qualifying Policies and Insured Instruments.

(c) **Not Contingent**

An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, **provided that** such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction. By specifying that this Term 16 is applicable, no inference should be made as to the interpretation of the "**Not Contingent**" Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.

(d) **Deliver**

For the purposes of the definition of "**Deliver**" in Term 18 (*Definitions*), "**Deliver**" with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and "**Delivery**" and "**Delivered**" will be construed accordingly.

(e) **Provisions for Determining a Successor**

The paragraph commencing "For the purposes of this definition of "**Successor**" in the definition of "**Successor**" in Term 18 (*Definitions*) is hereby amended by adding "**or insurer**" after "**or guarantor**".

(f) **Substitute Reference Obligation**

The first paragraph of the definition of "**Substitute Reference Obligation**" and paragraph (b) thereof in Term 18 (*Definitions*) are hereby amended by adding "**or Qualifying Policy**" after "**or as provider of a Qualifying Affiliate Guarantee**". For purposes of sub-paragraph (a)(ii)(B) above, the definition of "**Substitute Reference Obligation**" and references to "**the Qualifying Guarantee**" and the "**Underlying Obligation**" shall be deemed to include "**the Qualifying Policy**" and "**the Insured Instrument**", respectively.

(g) **Restructuring**

- (i) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with

respect thereto, paragraphs (i) to (v) inclusive in sub-paragraph (a) of the definition of "**Restructuring**" in Term 18 (*Definitions*) are hereby amended to read as follows:

- (i) a reduction in the rate or amount or the Instrument Payments in clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (ii) a reduction in the amount of the Instrument Payments described in clause (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of the Instrument Payments described in clause (A)(x) of the definition thereof or (B) the payment of the Instrument Payments described in clause (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
 - (iv) a change in the ranking in priority of payment of (A) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (B) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
 - (v) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency.
- (ii) Paragraph (c) of the definition of "**Restructuring**" in Term 18 (*Definitions*) is hereby amended by adding "or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy" after "**Reference Entity**".
 - (iii) The definition of "**Restructuring**" in Term 18 (*Definitions*) is hereby amended by the insertion of the following paragraph after the final paragraph thereof:

"For purposes of the definition of "**Restructuring**" and if Multiple Holder Obligation is specified as applying in the applicable Final Terms for the purposes of these Standard Terms for Credit-Linked Notes, the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in the definition of "**Restructuring**" shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in sub-paragraphs (a) to (c) inclusive in the definition of "**Restructuring**" shall continue to refer to the Reference Entity."

(h) **Fully Transferable Obligation and Conditionally Transferable Obligation**

In the event that a Fully Transferable Obligation and/or Conditionally Transferable Obligation is specified as applying in the applicable Final Terms and a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the

Insured Instrument. References in the definition of Conditionally Transferable Obligation to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "**final maturity date**", as such term is used, including in the definition of "**Restructuring Maturity Limitation Date**", shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

(i) **Other Provisions**

For purposes of paragraph (a)(ii) of the definition of "**Deliverable Obligation**" and the definitions of "**Credit Event**" and "**Deliver**" in Term 18 (*Definitions*), references to the "**Underlying Obligation**" and the "**Underlying Obligor**" shall be deemed to include "**Insured Instruments**" and the "**Insured Obligor**", respectively.

(j) **Additional Definitions**

"**Qualifying Policy**" means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in this Term 16) (the "**Insured Instrument**") for which another party (including a special purpose entity or trust) is the obligor (the "**Insured Obligor**"). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being delivered together with the Delivery of the Insured Instrument.

"**Instrument Payments**" means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in sub-paragraph (c) above and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

"**Certificate Balance**" means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

17. **Amendments of Terms in accordance with Market Convention**

Subject to Condition 11(b) (*Modification of the Trust Deed*), the Calculation Agent may from time to time amend any provision of these Terms to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent determines in a commercially reasonable manner are necessary or desirable to reflect or govern market practice for credit derivative transactions. Any amendment made in accordance with this Term 17 shall be notified to Noteholders in accordance with Condition 16 (*Notices*).

18. **Definitions**

The following capitalised terms used in these Terms shall have the meanings set out below, except where the context otherwise requires or as may be modified and/or supplemented by the Final Terms:

"Accelerated or Matured" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws.

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

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

"Additional Credit Event" means an additional credit event as defined in the Final Terms.

"Additional EDD Interest Amount" means an amount in the Specified Currency determined by the Calculation Agent in respect of each Note equal to the sum of:

- (a) each amount of interest that would have been payable in respect of each Note, but for the operation of Terms 1 (*Credit Event Terms*), 5 (*Interest Postponement*) and 13 (*Reversals and Adjustment to Event Determination Dates*) and the original determination of the Event Determination Date, on each Interest Payment Date falling after the date originally determined to be the Event Determination Date, to and including the Interest Recommendation Date; and
- (b) interest accrued on each such amount on a daily basis at the applicable Overnight Rate as determined by the Calculation Agent for the period from, and including, the Interest Payment Date on which the relevant amount of interest that would have been paid but for the original determination of the Event Determination Date to, but excluding, the Interest Recommendation Date. For the avoidance of doubt, such interest will be compounded on a daily basis.

"Additional Provisions" means the provisions set out in Term 16 (*Additional Provisions - Monoline Insurer as Reference Entity (January 2005)*).

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

"Alternative Cash Settlement" means the calculation of a cash amount in respect of each Undeliverable Obligation in accordance with the definition of Alternative Cash Settlement Amount.

"Alternative Cash Settlement Amount" means an amount determined by the Calculation Agent as an amount equal to the aggregate of all calculations of, with respect to each Undeliverable Obligation in the relevant Portfolio, (a) Final Price or, if available and if determined by the Calculation Agent determines it to be appropriate, the Auction Final Price of the relevant Undeliverable Obligation, in accordance with Term 9(d)(ii) or (e)(ii) (*Physical Settlement*), multiplied by (b) the relevant Outstanding Principal Balance, Due and Payable Amount or Currency Amount as applicable, of the relevant Undeliverable Obligation.

"Applicable Auction" means an Auction which the Calculation Agent determines is relevant to a Credit Event with respect to a Reference Entity and Obligations thereof and which relates to deliverable obligations which would constitute Reference Obligation(s) and/or Deliverable Obligation(s) and/or Valuation Obligation(s), as applicable, under the Credit-Linked Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity, obligations and deliverable obligations to which the Auction relates and if the Auction relates to a Restructuring Credit Event, the scheduled maturity date of the Credit-Linked Notes and the scheduled termination date of the credit derivatives transactions covered by the Auction and the maturity date of the deliverable obligations to which the Auction relates, and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Credit-Linked Notes).

"Applicable Credit Derivatives Auction Settlement Terms" means, with respect to a Reference Entity, a Credit Event and an Applicable Auction, the Credit Derivatives Auction Settlement Terms (if any) which the Calculation Agent determines are relevant to the Credit-Linked Notes (the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) and deliverable obligations which are the subject of the relevant Credit Derivatives Auction Settlement Terms and the Credit Events, Reference Entities and Obligations and Deliverable Obligations under the Credit-Linked Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Credit-Linked Notes). The Calculation Agent shall, as soon as practicable after the relevant Applicable Credit Derivatives Auction Settlement Terms are published, notify the Issuer and the Issuing and Paying Agent that Applicable Credit Derivatives Auction Settlement Terms have been published with respect to a Reference Entity and a Credit Event and make a copy thereof available for inspection by Noteholders at the specified office of the Paying Agents.

"Applicable DC Credit Event Announcement" means a DC Credit Event Announcement which the Calculation Agent determines is an Applicable Resolution. An Applicable DC Credit Event Announcement will be deemed not to have occurred with respect to the Credit-Linked Notes unless (i) the relevant Credit Event Resolution Request Date relating to the DC Credit Event Announcement and the relevant Credit Event was, in the determination of the Calculation Agent, an Applicable Request which occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

"Applicable DC No Credit Event Announcement" means a DC No Credit Event Announcement which the Calculation Agent determines is relevant to the Credit-Linked Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof which are the subject of the

DC No Credit Event Announcement and the Credit Events, Reference Entities and Obligations thereof under the Credit-Linked Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Credit-Linked Notes).

"Applicable Request" means a request that a Credit Derivatives Determinations Committee be convened to Resolve the matters described in the definition of Credit Event Resolution Request Date or Succession Event Resolution Request Date, as applicable, which the Calculation Agent determines is relevant to the Credit-Linked Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, succession event, reference entity and obligation(s) thereof which are the subject of the request and the Credit Events, Reference Entities and Obligations thereof under the Credit-Linked Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Credit-Linked Notes).

"Applicable Resolution" means a DC Resolution or DC Credit Event Announcement which the Calculation Agent determines is relevant to the Credit-Linked Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, succession event, reference entity and obligation(s) thereof and any other factor to which such DC Resolution relates and the terms of the Credit-Linked Notes and (b) any hedging transaction that the Issuer has entered or may enter into in connection with the Credit-Linked Notes).

"Applicable Transaction Auction Settlement Terms" means, with respect to a Reference Entity and a Credit Event, the relevant Credit Derivatives Auction Settlement Terms which the Calculation Agent determines constitute Applicable Credit Derivatives Auction Settlement Terms.

"Asset Transfer Notice" means a duly completed asset transfer notice substantially in the form obtained from the specified office of the Registrar or any Paying Agent.

"Assignable Loan" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Assignable Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Loans.

"Auction" means, with respect to a Reference Entity and a Credit Event, unless otherwise specified in the Applicable Transaction Auction Settlement Terms, an auction pursuant to which an Auction Final Price is to be determined in accordance with an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms.

"Auction Cancellation Date" means, with respect to an Auction, unless otherwise specified in the relevant Applicable Transaction Auction Settlement Terms, the date on which such Auction was deemed to have been cancelled as announced by ISDA (and/or the administrators specified in the relevant Credit Derivatives Auction Settlement Terms) on its website or such other date as determined and announced in accordance with the relevant Applicable Transaction Auction Settlement Terms.

"Auction Cash Settlement Amount" means an amount in the Specified Currency (rounded to the nearest unit of the Specified Currency (with half of one unit of the specified currency being rounded down to the nearest integral amount of such currency)) as determined by the Calculation Agent equal to the greater of (A)(1) the Credit-Linked Payer Calculation Amount in respect of the relevant Reference Entity, multiplied by (2) the Auction Final Price, minus (3) Unwind Costs and (B) zero.

"Auction Cash Settlement Date" means the second Business Day following the Auction Settlement Date determined in accordance with the Applicable Credit Derivatives Auction Settlement Terms or such other date specified in the applicable Final Terms, as determined by the Calculation Agent.

"Auction Final Price" means, with respect to an Applicable Auction, unless otherwise specified in the relevant Applicable Transaction Auction Settlement Terms, the price (expressed as a percentage) in respect of the deliverable obligations which would constitute Reference Obligation(s) and/or Deliverable Obligation(s) and/or Valuation Obligation(s) under the Credit-Linked Notes determined to be the Auction Final Price in accordance with the relevant Applicable Transaction Auction Settlement Terms. The Calculation Agent shall as soon as practicable after publication of the Auction Final Price in respect of an Applicable Auction make available for inspection by Noteholders at the specified office of the Issuing and Paying Agent a copy of the relevant Applicable Transaction Auction Settlement Terms and copies of the relevant publication of the Auction Final Price. Such notice shall be subject to the requirements regarding notices set out in Term 3(i) (*Notices*).

"Auction Final Price Determination Date" means, with respect to an Applicable Auction, the day, if any, on which the Auction Final Price is determined or such other date as specified in the relevant Applicable Transaction Auction Settlement Terms.

"Bankruptcy" means a Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in sub-paragraphs (a) to (g) (inclusive).

"Basket Cash CLN" means Cash Redeemed Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Satisfaction of the Conditions to Settlement with respect to any of the Reference Entities will, unless otherwise specified in the Final Terms, result in the CLNs being proportionally Cash Redeemed.

"Basket Cash or Physical CLN" means Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Satisfaction of the Conditions to Settlement with respect to any of the Reference Entities will, unless otherwise specified in the Final Terms, result in a proportional redemption of the CLNs by (i) "*Auction Settlement*" or "*Cash Settlement*", as applicable or (ii) "*Physical Settlement*", as specified in the Final Terms as the case may be, at the option of the Issuer.

"Basket Physical CLN" means Physical Redeemed Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Satisfaction of the Conditions to Settlement with respect to any of the Reference Entities will, unless otherwise specified in the Final Terms, result in a proportional redemption of the CLNs by Physical Settlement.

"Best Available Information" means:

- (a) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial

information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of "**Successor**", other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or

- (b) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (a) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "**Successor**",

provided that information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.

"**Bond**" means any obligation of a type included in the Borrowed Money Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money obligation.

"**Bond**" or "**Loan**" means any obligation that is either a Bond or a Loan.

"**Borrowed Money**" means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

"**Business Day**" means for the purposes of CLNs only (i) a day on which commercial banks and foreign exchange markets are generally open to settle payments in London, Luxembourg and in the jurisdiction of the currency of the Credit-Linked Payer Calculation Amount and in each Specified Business Centre specified in the applicable Final Terms, (ii) a day on which the TARGET System is open (if "**TARGET**" is specified for that purpose in the applicable Final Terms) and (iii) a day on which securities settlement systems are open for settlement of the relevant Deliverable Obligations.

"**Cancellation Notice**" means a notice given by the Calculation Agent prior to the Extended Maturity Date upon making a determination in respect of a Reference Entity that:

- (a) no Credit Event or (if Grace Period Extension is applicable in the relevant Final Terms) Potential Failure to Pay or (if Potential Repudiation/Moratorium is applicable) Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Termination Date;
- (b) if a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date, promptly upon making a determination that no Failure to Pay has occurred with respect to the relevant obligation; or
- (c) if a Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Termination Date, promptly upon making a determination that no Repudiation/Moratorium has occurred with respect to the relevant obligation (such determination being made prior to the Repudiation/Moratorium Evaluation Date).

"**Capped Reference Entity**" means, unless otherwise specified in the Final Terms:

- A. if the Physical Settlement Matrix is applicable, a Reference Entity corresponding to a Transaction Type in respect of which "**60 Business Days Cap on Settlement**" is expressed as applying in the Physical Settlement Matrix; and

- B. in all other cases, a Reference Entity designated as one of the following in the Final Terms:
- (a) European Corporate;
 - (b) Australia Corporate;
 - (c) New Zealand Corporate;
 - (d) Japan Corporate;
 - (e) Singapore Corporate;
 - (f) Asia Corporate;
 - (g) Subordinated European Insurance Corporate;
 - (h) Asia Sovereign;
 - (i) Japan Sovereign;
 - (j) Australia Sovereign;
 - (k) New Zealand Sovereign;
 - (l) Singapore Sovereign; and
 - (m) Western European Sovereign.

"**Cash Redeemed**" means a Credit-Linked CLN in respect of which, for the relevant Reference Entity, (a) the Settlement Method is specified as "**Cash Settlement**" in the Final Terms, (b) the Settlement Method is specified as "**Auction Settlement**" and the Fallback Settlement Method is specified as "**Cash Settlement**" in the Final Terms or (c) the Settlement Method is specified as "**Auction Settlement**" and the Fallback Settlement Method is specified as "**Physical Settlement**" in the Final Terms but at the relevant time "**Auction Settlement**" is expected to apply.

"**Cash Settled CLN**" means any Credit-Linked Note which is, or is intended to be, Cash Redeemed upon the satisfaction of Conditions to Settlement (including, for the avoidance of doubt, any Cash or Physically Settled CLN that the Issuer elects will be Cash Redeemed).

"**Cash or Physical CLN**" means any Credit-Linked Note which, in respect of the relevant Reference Entity may be Cash Redeemed or Physical Redeemed, at the option of the Issuer, upon satisfaction of the Conditions to Settlement.

"**Cash Settlement Amount**" means the amount specified in the Final Terms or if no such amount is specified in the applicable Final Terms, an amount in the Specified Currency (rounded to the nearest unit of the Specified Currency (with half of one unit of the specified currency being rounded down to the nearest integral amount of such currency) as determined by the Calculation Agent on the Relevant Valuation Date equal to either (I) the greater of (A)(1) the Credit-Linked Payer Calculation Amount in respect of the relevant Reference Entity, multiplied by (2) the Final Price, minus (3) Unwind Costs and (B) zero or (II) (A) the aggregate of the Valuation Obligation Settlement Amounts in respect of each Valuation Obligation comprised in the relevant Valuation Obligations Portfolio minus (B) Unwind Costs.

"**Cash Settlement Date**" means, subject to Term 6 (*Redemption Suspension*), the date on which the Noteholders of a Cash Settled CLN are to be paid following the satisfaction of Conditions to Settlement and where the Cash Settlement provisions in Term 8 (*Cash Settlement*) apply. This date may be expressed in the Final Terms as being a specified number of Business Days after the date on which the Final Price is determined or if a number of Business Days is not so specified, three.

"**CLN Dealer**" means, a dealer in obligations of the type of Obligation(s) (as the case may be) for which Quotations are to be obtained (as selected by the Calculation Agent) and may include a Noteholder or its Affiliate or as may otherwise be specified in the Final Terms.

"**CLN Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the Final Terms (or, if CLN Specified Currency is specified in the Final Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies may be referred to collectively as the "**Standard Specified Currencies**"). References in the Transaction Type Standard Terms to "**Specified Currency**" shall be deemed to be references to "**CLN Specified Currency**".

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

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

"**Conditions to Settlement**" means the occurrence of an Event Determination Date to the extent that such Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date, a Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date), or the Maturity Date, as applicable, unless "*Physical Settlement*" is specified as the Settlement Method in the applicable Final Terms (or is applicable pursuant to the Fallback Settlement Method), in which case all of the Conditions to Settlement shall be deemed to be satisfied by the satisfaction of the Notice of Physical Settlement Condition to Settlement on or following the occurrence of an Event Determination Date. For the avoidance of doubt, if an Event Determination Date is subsequently reversed prior to the relevant Auction Final Price Determination Date, a Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date) or the Maturity Date, the Conditions to Settlement shall not be deemed to have been satisfied with respect to the related Credit Event and Reference Entity for the purposes of these Terms.

"**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Consent Required Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within the Deliverable Obligation Category that are Loans.

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

"**Credit Derivatives Definitions**" means the 2003 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. as supplemented by the May 2003 Supplement and the July 2009 Supplement and, in addition, if the Additional Provisions are specified to be applicable, as supplemented by the Additional Provisions.

"**Credit Derivatives Determinations Committee**" means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Rules.

"**Credit Event**" means one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring or Additional Credit Event as specified in the Final Terms. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable an Underlying Obligor to enter into any Underlying Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"**Credit Event Backstop Date**" means:

- (a) for the purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in sub-paragraph (ii) of the definition thereof) for the purposes of certain credit derivatives transactions, as determined by a DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date, **provided that** the Calculation Agent determines that the DC Resolution is an Applicable Resolution and the Credit Event Resolution Request Date relates to an Applicable Request; or
- (b) otherwise, the date that is 60 calendar days prior to the earlier of:
 - (i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and the Issuing and Paying Agent and are effective during the Notice Delivery Period; and
 - (ii) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules in relation to an Applicable Request, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, **provided that** such Resolution is an Applicable Resolution and (III) the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and the Issuing and Paying Agent and are effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date.

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

"Credit Derivatives Auction Settlement Terms" means any Credit Derivatives Auction Settlement Terms published by ISDA in accordance with the Rules, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules.

"Credit Event Notice" means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Issuer and the Issuing and Paying Agent (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)).

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. Where a Restructuring Credit Event occurs in respect of a Reference Entity after a Succession Event has occurred, and the CLNs are to be partially redeemed in accordance with Term 15 (*Restructuring Credit Event*), the Credit Event Notice shall specify the Reference Entity that is the subject of the Restructuring Credit Event. In addition, this will not prevent the delivery of Credit Event Notices in respect of other Reference Entities in respect of which Succession Events have occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

A Credit Event Notice shall be subject to the requirements regarding notices set out in Term 3(j) (*Notices*).

"Credit Event Portion" means, subject to Term 14 (*Succession Event*), in the case of any Credit Event, a principal amount of the CLNs equal to:

- (a) in the case of a Basket Cash CLN, Basket Physical CLN or Basket Cash or Physical CLN, (i) the Credit-Linked Payer Calculation Amount of the Reference Entity in respect of which the Credit Event Notice has been given expressed as a proportion of the aggregate of the Credit-Linked Payer Calculation Amounts of all the Reference Entities specified in the Final Terms multiplied by (ii) the initial aggregate principal amount of the CLNs; or
- (b) in all other cases, unless otherwise specified in the Final Terms, 100 per cent. of the then aggregate outstanding principal amount of the CLNs.

"Credit Event Resolution Request Date" means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a credit event for purposes of certain credit derivative transaction(s) has occurred with respect to a particular reference entity or obligation thereof; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of publicly available information with respect to the DC Resolutions referred to in (a) and (b) above.

"Credit-Linked Notes" or **"CLNs"** means Notes which are linked to the credit of one or more Reference Entities.

"Credit-Linked Payer Calculation Amount" means the amount and the currency in which the Issuer has purchased credit protection in respect of one or more Reference Entities as set out in

the Final Terms and any references in the Credit Derivatives Definitions to Floating Rate Payer Calculation Amount shall be deemed to be references to the Credit-Linked Payer Calculation Amount.

"Currency Amount" means with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each NOPS Amendment Notice with respect to that portion of the Credit Derivative Transaction into the currency of denomination of the relevant Replacement Deliverable Obligation.

"Currency Rate" means with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, determined by the Calculation Agent in a commercially reasonable manner and (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the Revised Currency Rate.

"Currency Rate Source" means the mid-point rate of conversion published by WM/Reuters at 4:00pm (London time) or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

"DC Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a credit event for purposes of certain credit derivative transactions has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) the Calculation Agent determines that such event occurred on or after the relevant Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)).

"DC Cut-off Date" means the earliest of (i) the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred; (ii) the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred; and (iii) the date that is fourteen calendar days after the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine whether a Credit Event has occurred.

"DC No Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, that the event that is the subject of the notice to ISDA resulting in the occurrence of such Credit Event Resolution Request Date does not constitute a credit event for purposes of the certain credit derivatives transactions with respect to such Reference Entity (or an obligation thereof).

"Default Requirement" means the amount as may be specified as such in the Final Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not so specified in the Final Terms, U.S.\$10,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Credit Event.

"Deliver" means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to

convey all right, title and interest in the Deliverable Obligations specified in the Notice of Physical Settlement to the Issuer or the Noteholders, as the case may be, free and clear of any and all liens, charges, claims or encumbrances (including, without limitation, any counterclaim, defence (other than a counterclaim or defence as set out in the definition of Credit Event) or right of set off by or of the Reference Entity or, as applicable, an Underlying Obligor) **provided that** to the extent that the Deliverable Obligations consist of Direct Loan Participations, "**Deliver**" means to create (or procure the creation of) a participation in favour of the Issuer or the Noteholders, as the case may be, and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, "**Deliver**" means to Deliver both the Qualifying Guarantee and the Underlying Obligation. "**Delivery**" and "**Delivered**" will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

"**Deliverable Obligation**" means, subject to Terms 15(c) and (d) (Restructuring Credit Event):

- (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the Final Terms, as provider of any Qualifying Guarantee), described by the Deliverable Obligation Category and having each of the Deliverable Obligation Characteristics, in each case, as of the Delivery Date (but excluding any Excluded Deliverable Obligation) that is (i) payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in the definition of Credit Event) or right of set off by or of a Reference Entity or any applicable Underlying Obligor, and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (b) subject to the second paragraph in the definition of Not Contingent, each Reference Obligation, unless specified in the Final Terms as an Excluded Deliverable Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in the definition of Credit Event) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (d) any other obligation of a Reference Entity specified as such in the Final Terms.

"**Deliverable Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan as specified in the Final Terms. If any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics. No Deliverable Obligation Characteristics are applicable to Reference Obligations Only.

"**Deliverable Obligation Characteristics**" means any one or more of Not Subordinated, CLN Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed,

Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

"Delivery Date" means, with respect to the Portfolio, the date such Deliverable Obligations comprised in the Portfolio are Delivered.

"Delivery Expenses" means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the relevant Portfolio payable by Noteholders.

"Direct Loan Participation" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer (to the extent the Issuer is then a lender or member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate).

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

"Downstream Affiliate" means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity.

"Due and Payable Amount" means the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

"EDD Adjustment Amount" means an amount in the Specified Currency determined by the Calculation Agent in respect of each Credit-Linked Note equal to the sum of:

- (a) each amount of interest in respect of each Credit-Linked Note that would not have been paid (if any) on any Interest Payment Date to Noteholders had the earlier Event Determination Date been the date originally determined as the Event Determination Date; and
- (b) interest accrued on each such amount on a daily basis at the applicable Overnight Rate as determined by the Calculation Agent for the period from, and including, the Interest Payment Date on which the relevant interest amount was paid to, but excluding, the date on which the Credit-Linked Notes are redeemed. For the avoidance of doubt, such interest will be compounded on a daily basis.

"Election Notice" has the meaning given to it in Term 3(c) (*Notices*).

"Eligible Transferee" means each of the following:

- (a)
 - (i) bank or other financial institution;
 - (ii) insurance or reinsurance company;

- (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below); and
- (iv) registered or licensed broker or dealer (other than a natural person or proprietorship),

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

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

and where all references in this definition to U.S.\$ include equivalent amounts in other currencies.

"Enabling Obligation" means an outstanding Deliverable Obligation that (i) is a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (ii) has a final maturity date occurring on or prior to the Scheduled Termination Date and following the Limitation Date immediately preceding the Scheduled Termination Date (or, in circumstances where the Scheduled Termination Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

"Equity Securities" means:

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

"Escrow" means, if Escrow is specified in the Final Terms as applicable, either the Issuer or the Noteholders may require that settlement of Physical Redeemed CLNs take place through the use of an Escrow Agent. Any costs or expenses incurred in connection with establishing such escrow arrangement shall be borne by the Noteholders **provided that** if a party requires that such physical settlement take place through an Escrow Agent, Delivery to the Escrow Agent by a party must occur within the time required for physical settlement in accordance with these Terms as if there were no Escrow Agent.

"Escrow Agent" means a financial institution that the Issuer or the Noteholders specify as such (or if a person is not so specified, an independent third party financial institution specified by Issuer prior to the Physical Settlement Date, subject to the terms of the escrow arrangement).

"Event Determination Date" means, with respect to a Credit Event:

- (a) subject to sub-paragraph (b) of this definition, if neither an Applicable DC Credit Event Announcement nor an Applicable DC No Credit Event Announcement has occurred, the first date on which the Calculation Agent determines that both the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and the Issuing and Paying Agent and are effective during either:
 - (i) the Notice Delivery Period; or
 - (ii) the period (A) from, and including, the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date and the Calculation Agent determines that such Resolution constitutes an Applicable Resolution and (B) to, and including, the date that is 14 calendar days thereafter (**provided that** the relevant Credit Event Resolution Request Date in respect of an Applicable Request occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)); or
- (b) notwithstanding sub-paragraph (a) of this definition, if an Applicable DC Credit Event Announcement has occurred as determined by the Calculation Agent, either:
 - (i) the Credit Event Resolution Request Date (in respect of the relevant Applicable Request as determined by the Calculation Agent), if
 - (I) either:
 - (A) **"Auction Settlement"** is specified as the applicable Settlement Method in the Final Terms; or
 - (B) the relevant Credit Event is a Restructuring; and
 - (II) the Credit Event Notice is delivered by the Calculation Agent to the Issuer and the Issuing and Paying Agent and is effective on or prior to the Exercise Cut-off Date; or
 - (ii) the first date on which the Credit Event Notice is delivered by the Calculation Agent to the Issuer and the Issuing and Paying Agent and is effective during the Notice Delivery Period or the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant Applicable DC Credit Event Announcement to, and including, the date that is fourteen calendar days thereafter (**provided that** the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and is an Applicable Request as determined by the Calculation Agent), if either:
 - (I) **"Auction Settlement"** is not specified as the Settlement Method in the Final Terms; or
 - (II) **"Auction Settlement"** is specified as the Settlement Method in the Final Terms, the Credit Event Notice is delivered by the Calculation Agent to the Issuer and the Issuing and Paying Agent and is effective on a date that is later than the relevant Exercise Cut-off Date,

provided that, in the case of sub-paragraph (b) above:

- (1) no Physical Settlement Date, if applicable, or Cash Settlement Date, Auction Cash Settlement Date or Maturity Date has occurred on or prior to the date on which the Applicable DC Credit Event Announcement occurs;
- (2) if any Valuation Date or Delivery Date, as applicable, has occurred as of the date on which the Applicable DC Credit Event Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to the Credit Event Portion of the Credit-Linked Notes outstanding to which such Event Determination Date relates, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and
- (3) no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer and the Issuing and Paying Agent, (aa) unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date or (bb) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the outstanding principal balance of the Credit-Linked Notes.

"Event Determination Date Reversal" has the meaning given to it in Term 13(c) (*Reversals and Adjustments to Event Determination Dates*).

"Event Determination Notice" has the meaning given to it in Term 3(b) (*Notices*).

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

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

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

"Exercise Amount" has the meaning given to it in Term 15(a) (*Restructuring Credit Event*).

"Exercise Cut-off Date" means, with respect to a Credit Event:

- (a) if such Credit Event is not a Restructuring (or if such Credit Event is a Restructuring, neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the applicable Final Terms), either:
 - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date in respect of an Applicable Auction, if any;
 - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any;
or
 - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any,as applicable; or

- (b) if such Credit Event is a Restructuring and either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the applicable Final Terms and:
- (i) the relevant Credit Derivatives Determinations Committee has Resolved that Applicable Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules, **provided that** the Calculation Agent determines that such Resolution and Credit Derivatives Auction Settlement Terms constitute an Applicable Resolution and Applicable Credit Derivatives Auction Settlement Terms, as applicable; or
 - (ii) a No Auction Announcement Date occurs pursuant to sub-paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date.

"Extended Maturity Date" means, where an Extension Notice has been delivered in accordance with the definition thereof, the date that is 15 Business Days (or such other date as may be specified in the Final Terms) after the later of (i) Extension Date and (ii) if Credit Derivatives Determination Committee Extension is applicable, the DC Cut-Off Date.

"Extended Physical Settlement Date" means the date that is the 60th Business Day following the Physical Settlement Date.

"Extension Date" means, the latest to occur of:

- (a) the Scheduled Termination Date (if an Extension Notice was served pursuant to sub-paragraph (a) of the definition of Extension Notice);
- (b) the Grace Period Extension Date (if an Extension Notice was served pursuant to sub-paragraph (b) of the definition of Extension Notice) if (i) Grace Period Extension is specified as applicable in the applicable Final Terms; (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of a Credit Event Resolution Request Date, as applicable, is a Failure to Pay Credit Event that occurs after the Final Extension Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)); and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Final Extension Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)); and
- (c) the Repudiation/Moratorium Evaluation Date (if an Extension Notice was served pursuant to sub-paragraph (c) of the definition of Extension Notice) if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of a Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in sub-paragraph (ii) of the definition of Repudiation/Moratorium occurs after the Final Extension Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)); (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Final Extension Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)); and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

"Extension Notice" means a notice from the Calculation Agent to the Issuer and the Issuing and Paying Agent giving notice of the following in relation to a Reference Entity:

- (a) without prejudice to sub-paragraphs (b), (c) and (d) below, that a Credit Event has occurred or may occur on or prior to the Scheduled Termination Date; or
- (b) (if Grace Period Extension is specified as applicable in the Final Terms) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Termination Date; or
- (c) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Termination Date. For the purposes of this sub-paragraph (c), the giving of a Repudiation/Moratorium Extension Notice (if on or prior to the Scheduled Termination Date) shall be deemed to satisfy the requirement to give notice under this definition of Extension Notice. However, the giving of an Extension Notice in accordance with this sub-paragraph (c) shall not in any way preclude the subsequent giving of a Repudiation/Moratorium Extension Notice; or
- (d) if Credit Derivatives Determinations Committee Extension is specified as applicable in the Final Terms, that (a) a Credit Event Resolution Request Date has occurred and (b) the Credit Derivatives Determinations Committee has not made its determination on or prior to such dates (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)).

An Extension Notice shall be subject to the requirements regarding notices set out in Term 3(j) (*Notices*).

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

"Fallback Settlement Method" means, with respect to Credit-Linked Notes for which **"Auction Settlement"** is specified as the Settlement Method in the applicable Final Terms, the Fallback Settlement Method specified in such Final Terms or, if no Fallback Settlement Method is so specified for Cash Settled CLNs, the Fallback Settlement Method shall be deemed to be **"Cash Settlement"**.

"Final List" has the meaning given to that term in the Rules.

"Final Price" means the price of the Reference Obligation, Deliverable Obligation, Valuation Obligation or Undeliverable Obligation, expressed as a percentage determined in accordance with the Valuation Method specified in the applicable Final Terms or, where applicable, Term 15 (*Restructuring Credit Event*), with respect to the Relevant Valuation Date.

"Final Price Calculation Date" means, with respect to a particular Valuation Obligation included in the Valuation Obligations Portfolio, the date on which the Final Price in respect of such Valuation Obligation is determined.

"First-to-Default Cash CLN" means first-to-default Cash Redeemed Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities, all the CLNs (other than in the case of a Restructuring Credit Event, where the CLNs may be redeemed in part) will, unless otherwise specified in the Final Terms, be redeemed by *"Auction Settlement"* or *"Cash Settlement"*, as applicable.

"First-to-Default Cash or Physical CLN" means first-to-default Physical Redeemed Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities, all the CLNs (other than in the case of a Restructuring

Credit Event, where the CLNs may be redeemed in part) will, unless otherwise specified in the Final Terms, be Cash Redeemed or Physical Redeemed, as the case may be, at the option of the Issuer.

"First-to-Default Physical CLN" means first-to-default physically settled Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities, all the CLNs (other than in the case of a Restructuring Credit Event, where the CLNs may be redeemed in part) will, unless otherwise specified in the Final Terms, be Physical Redeemed.

"First-to-Default Template" means the First to Default Template, as most recently amended or supplemented as at the Issue Date (unless otherwise specified in the Final Terms) and as published by ISDA.

"Full Quotation" means, in accordance with the Quotation Method, each firm quotation (expressed as a percentage of the Outstanding Principal Balance) obtained from a CLN Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation, Deliverable Obligation or Valuation Obligation, as the case may be, with an Outstanding Principal Balance equal to the Quotation Amount.

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

"Further Extended Physical Settlement Date" has the meaning given to it in Term 9(f) (*Physical Settlement*).

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

"Grace Period" means, subject to sub-paragraphs (a) and (b) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred, **provided that** (a) if Grace Period Extension is specified in the Final Terms as applicable, a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the Final Terms or, if no period is specified, 30 calendar days; and (b) if at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; **provided that**, unless Grace Period Extension is specified as applicable in the Final Terms, such deemed Grace Period shall expire no later than the Scheduled Termination Date.

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

"Grace Period Extension Date" means, if (a) Grace Period Extension is specified as applicable in the Final Terms and (b) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If Grace Period Extension is not specified as applicable in the Final Terms, Grace Period Extension shall not apply. If (i) Grace Period Extension is specified as applicable in the Final Terms, (ii) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) an Event Determination Date in respect of that Failure to Pay does not occur on or prior to the Notice Delivery Period (including prior to the Trade Date), the later of the Scheduled Termination Date and the Grace Period Extension Date will be the Maturity Date (even if a Failure to Pay occurs after the Scheduled Termination Date).

"Hedge Disruption Event" means, in the opinion of the Calculation Agent, any event as a result of which the Issuer and/or any of its Affiliates and/or its agents has not received the relevant Deliverable Obligations and/or cash under the terms of a Hedge Transaction (the **"Undelivered Portion"**).

"Hedge Transaction" means any transaction or trading position entered into or held by the Issuer and/or any of its Affiliates to hedge, directly or indirectly, the Issuer's obligations or positions (whether in whole or in part) in respect of the CLNs.

"Intervening Period" means such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising the relevant Portfolio Delivered to such Noteholder.

"ISDA" means the International Swaps and Derivatives Association, Inc. (or any successor thereto).

"July 2009 Supplement" means the July 2009 Supplement to the 2003 ISDA Credit Derivative Definitions, as published by the ISDA.

"Latest Permissible Physical Settlement Date" means 30 calendar days following the Physical Settlement Date.

"Limitation Date" means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **"2.5-year Limitation Date"**), 5 years (the **"5-year Limitation Date"**), 7.5 years, 10 years, 12.5 years, 15 years or 20 years (the **"20-year Limitation Date"**), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the applicable Final Terms.

"Listed" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange and, if specified as applicable to an Obligation Category, the Listed Obligation Characteristic shall be applicable only in respect of obligations within that Obligation Category that are Bonds or, if specified as applicable to a Deliverable Obligation Category, the Listing Deliverable Obligation Characteristics shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

"Loan" means any obligation of a type included in the Borrowed Money Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money.

"London Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

"Market Value" means, with respect to a Reference Obligation, a Deliverable Obligation or a Valuation Obligation, as the case may be, on a Valuation Date:

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

"Maturity Date" has the meaning given to it in Term 2(c) (*Final Redemption and Maturity Date*).

"Maximum Maturity" means an obligation that has a remaining maturity from the Physical Settlement Date or Valuation Date, as the case may be, of not greater than (a) the period specified in the Final Terms or (b) if no such period is specified in the Final Terms, 30 years.

"May 2003 Supplement" means the May 2003 Supplement to the 2003 ISDA Credit Derivative Definitions, as published by the ISDA.

"Minimum Quotation Amount" means the amount specified as such in the Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

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

"Modified Restructuring Maturity Limitation Date" means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Termination Date, **provided that**, in circumstances where the Scheduled Termination Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is

specified in the applicable Final Terms and the Scheduled Termination Date is later than the 2.5-year Limitation Date and, prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Termination Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only.

Subject to the foregoing, in the event that the Scheduled Termination Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Termination Date.

"Movement Option" means, if either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms to the relevant Reference Entity, and if a No Auction Announcement Date has occurred pursuant to sub-paragraph (b) of the definition of No Auction Announcement Date, the option of the Calculation Agent to determine in good faith the Parallel Auction Settlement Terms, if any, that shall be deemed to be applicable for the purposes of the Notes and **"Auction Settlement"** in respect of a Reference Entity and a Credit Event (for which purpose the Issuer may take into account (a) the terms of the relevant Parallel Auction Settlement Terms, the permissible derivable obligations thereunder and the Deliverable Obligations under the Notes and (b) any hedging transaction that the Issuer has or may enter into in connection with the Credit-Linked Notes).

"Movement Option Cut-off Date" means the date that is four Relevant City Business Days following the Exercise Cut-off Date (or such longer or lesser period as determined by the Calculation Agent taking into account any hedging transactions entered into by the Issuer in respect of the CLNs).

"Multiple Holder Obligation" means an Obligation that (a) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (b) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event, **provided that** any Obligation that is a Bond shall be deemed to satisfy the requirement in (b) above.

"Next Currency Fixing Time" means 4.00 p.m. (London time) on the London Business Day immediately following the date on which the Notice of Physical Settlement or relevant NOPS Amendment Notice, as applicable, is effective.

"No Auction Announcement Date" means, with respect to Credit-Linked Notes for which **"Auction Settlement"** is specified as the Settlement Method in the Final Terms, a Reference Entity and a Credit Event, the date on which the Calculation Agent determines that ISDA first publicly announces that:

- (a) no Applicable Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published; or
- (b) following the occurrence of a Restructuring, if either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the Final Terms, no Applicable Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary and the Calculation Agent determines that such Resolution is an Applicable Resolution and no Applicable Auction will be held.

"Non-Capped Reference Entity" means, unless otherwise specified in the Final Terms, a Reference Entity:

- (A) if the Physical Settlement Matrix is applicable, corresponding to a Transaction Type in respect of which "60 Business Day Cap on Settlement" is expressed as not applying in the Physical Settlement Matrix.
- (B) in all other cases, designated as one of the following in the Final Terms:
 - (a) North American Corporate;
 - (b) Emerging European Corporate LPN;
 - (c) Emerging European Corporate;
 - (d) Latin America Corporate B;
 - (e) Latin America Corporate BL;
 - (f) Africa Corporate;
 - (g) Emerging European & Middle Eastern Sovereign;
 - (h) Africa Sovereign; and
 - (i) Latin America Sovereign.

"Non-Succession Event Reference Entities" has the meaning given to it in Term 14(c) (*Succession Event*).

"Not Bearer" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream International or any other internationally recognised clearing system, and, if specified as applicable to a Deliverable Obligation Category, the Not Bearer Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

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

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

"Not Domestic Currency" means any obligation that is payable in any currency other than the Domestic Currency.

"Not Domestic Issuance" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale

within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

"Not Domestic Law" means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign.

"Not Sovereign Lender" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as **"Paris Club debt"**.

"Not Subordinated" means an obligation that is not Subordinated to (a) the most senior Reference Obligation in priority of payment or (b) if no Reference Obligation is specified in the Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity **provided that**, if any of the events set forth under sub-paragraph (a) of the definition of Substitute Reference Obligation below has occurred with respect to all of the Reference Obligations or if, with respect to the Reference Obligation, one or more Successors to the Reference Entity have been identified and any one or more such Successors have not assumed the Reference Obligation (each, in each case, a **"Prior Reference Obligation"**) and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the **"Not Subordinated"** Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, **"Not Subordinated"** shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the Not Subordinated Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (i) the Trade Date specified in the Final Terms and (ii) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date.

"Notice Delivery Period" means the period from and including the Trade Date to and including the Scheduled Termination Date or, if an Extension Notice has been given, the date that is 14 Business Days (or such other number of days as may be specified in the Final Terms) after the Extension Date.

"Notice of Physical Settlement" means a notice from the Calculation Agent to the Issuer and the Issuing and Paying Agent that (a) irrevocably confirms that the Issuer will settle in relation to the CLNs and such CLNs shall be Physical Redeemed in accordance with Term 9 (*Physical Settlement*) and (b) contains a detailed description of the Deliverable Obligations that the Issuer will, if the CLNs are to be Physical Redeemed, Deliver to or to the order of the Noteholders, including the outstanding principal balance or Due and Payable Amount, as applicable, (in each case, the **"Outstanding Amount"**) of each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or if such identifying number is not available, the rate and tenor of each such Deliverable Obligation) and (c) where (i) the relevant Credit Event is a Restructuring, (ii) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the applicable Final Terms and (iii) the Scheduled Termination Date is later than (A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date contains a detailed description of at least one Enabling Obligation, which description will include the CUSIP or ISIN number, if available and applicable (or, if such identifying number is not available, the rate and tenor), of such Enabling Obligation and any other information necessary to establish that such obligation is an Enabling Obligation.

The Issuer may notify the Noteholders (each such notification a **"NOPS Amendment Notice"** and delivered in accordance with Condition 16 (*Notices*)) that the Issuer is replacing in whole or in part one or more Deliverable Obligations to be Delivered (to the extent such Deliverable Obligation has not previously been Delivered) or the detailed description thereof specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice. A NOPS Amendment Notice shall contain a revised detailed description of each replacement Deliverable Obligation that Issuer expects to Deliver (each, a **"Replacement Deliverable Obligation"**) and shall also

specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the "**Replaced Deliverable Obligation Outstanding Amount**"). The Outstanding Amount of each Replacement Deliverable Obligation identified in a NOPS Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. Each such NOPS Amendment Notice must be effective on or prior to the Physical Settlement Date (determined without reference to any such change resulting from such NOPS Amendment Notice). Notwithstanding the foregoing, the Issuer may correct any errors or inconsistencies in the detailed description of the Deliverable Obligations contained in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable by notice to the Noteholders (in accordance with Condition 16 (*Notices*)) prior to the relevant Delivery Date, it being understood that such notice of correction shall not constitute a NOPS Amendment Notice. A Notice of Physical Settlement shall be subject to the requirements regarding notices set out in Terms 3(g) and (i) (*Notices*).

"**Notice of Physical Settlement Condition to Settlement**" will be deemed to have been satisfied by the delivery by the Calculation Agent of a Notice of Physical Settlement to the Issuer and the Issuing and Paying Agent that is effective subject, where applicable, to Term 6 (*Redemption Suspension*), on or prior to two Business Days following the date that is:

- (a) subject to sub-paragraph (b) of this definition, the later of:
 - (i) the thirtieth calendar day (subject to adjustment in accordance with any applicable Business Day Convention) after the Event Determination Date; and
 - (ii) the tenth calendar day after either (I) the date of the relevant DC Credit Event Announcement, if any, or (II) the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date, if any, as applicable; or
- (b) if "**Physical Settlement**" is specified as applicable pursuant to the Fallback Settlement Method and the Notes are to be Physical Redeemed and:
 - (i) the relevant Credit Event is not a Restructuring (or, if such Credit Event is a Restructuring, neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the Final Terms), the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date, as applicable; or
 - (ii) the relevant Credit Event is a Restructuring and either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the Final Terms, either:
 - (I) the thirtieth calendar day after:
 - (A) a No Auction Announcement Date occurring pursuant to sub-paragraph (a) of the definition of No Auction Announcement Date, if any; or
 - (B) a No Auction Announcement Date occurring pursuant to sub-paragraph (c) of the definition of No Auction Announcement Date, if any, in circumstances where no Parallel Auction will be held; or
 - (C) the Auction Cancellation Date, if any, as applicable; or
 - (II) the Relevant City Business Day immediately following the later of the Parallel Auction Final Price Determination Date, if any (or, if more than one should occur, the last Parallel Auction Final Price Determination

Date), and the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:

- (A) a No Auction Announcement Date occurs pursuant to sub-paragraph (b) of the definition of No Auction Announcement Date and the Calculation Agent has not exercised any Movement Option; or
- (B) a No Auction Announcement Date occurs pursuant to sub-paragraph (c) of the definition of No Auction Announcement Date in circumstances where one or more Parallel Auctions will be held,

provided that in the case of sub-paragraph (a)(ii) and sub-paragraph (b) of this definition, the relevant Credit Event Resolution Request Date occurred on or prior to the date described in sub-paragraph (a)(i) of this definition.

For purposes of determining whether the Notice of Physical Settlement Condition to Settlement has been satisfied, the effective date of delivery of the Notice of Physical Settlement (whether or not subsequently changed) shall be used.

"Notice of Publicly Available Information" means an irrevocable notice from the Calculation Agent to the Issuer and the Issuing and Paying Agent (which may be in writing (including by facsimile and/or email) by telephone and which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both sub-paragraphs (i) and (ii) of the definition of Repudiation/Moratorium. The notice must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices set out in Term 3(i) (*Notices*).

"Notice to Exercise Movement Option" means, if (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms and (b) the Fallback Settlement Method would otherwise be applicable pursuant to Term 10(c)(ii) (*Auction Settlement*) of these Terms, a notice from the Calculation Agent to the Issuer and the Issuing and Paying Agent that (i) specifies the Parallel Auction Settlement Terms applicable with respect to Credit-Linked Notes in accordance with the Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

"Nth-to-Default Cash CLN" means any First-to-Default Cash CLN or any other nth-to-default Cash Redeemed Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Upon the satisfaction of the Conditions to Settlement with respect to any of the relevant Reference Entities, all the CLNs (other than in the case of a Restructuring Credit Event, where the CLNs may be redeemed in part) will, unless otherwise specified in the Final Terms, be Cash Redeemed; where "**nth**" means any ordinal number, as specified in the applicable Final Terms. For the avoidance of doubt, such CLNs may not be required to be redeemed upon the first occurrence of a Credit Event in respect of a Reference Entity in respect of which credit protection has been purchased by the Issuer from the Noteholders.

"Nth-to-Default Cash or Physical CLN" means any First-to-Default Cash or Physical CLNs or any other nth-to-default Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Upon the satisfaction of the

Conditions to Settlement with respect to any of the relevant Reference Entities, all the CLNs (other than in the case of a Restructuring Credit Event, where the CLNs may be redeemed in part) will, unless otherwise specified in the Final Terms, be (i) Cash Redeemed or (ii) Physical Redeemed, as the case may be, at the option of the Issuer; where "**nth**" means any ordinal number, as specified in the applicable Final Terms. For the avoidance of doubt, such CLNs may not be required to be redeemed upon the first occurrence of a Credit Event in respect of a Reference Entity in respect of which credit protection has been purchased by the Issuer from the Noteholders.

"**Nth-to-Default Physical CLN**" means any First-to-Default Physical CLN or any other nth-to-default basket physically settled Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Upon the satisfaction of the Conditions to Settlement with respect to any of the relevant Reference Entities, all the CLNs (other than in the case of a Restructuring Credit Event, where the CLNs may be redeemed in part) will, unless otherwise specified in the Final Terms, be Physical Redeemed; where "**nth**" means any ordinal number, as specified in the applicable Final Terms. For the avoidance of doubt, such CLNs may not be required to be redeemed upon the first occurrence of a Credit Event in respect of a Reference Entity in respect of which credit protection has been purchased by the Issuer from the Noteholders.

"**Obligation**" means (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the Final Terms, as provider of any Qualifying Guarantee) described by the Obligation Category specified in the Final Terms, and having the Obligation Characteristics specified in the Final Terms (but excluding any Excluded Obligation), in each case, as of the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, (b) each Reference Obligation, unless specified in the Final Terms as an Excluded Obligation, and/or (c) any other obligation of a Reference Entity specified as such in the Final Terms.

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

"**Obligation Category**" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the Final Terms.

"**Obligation Characteristics**" means any one or more of Not Subordinated, CLN Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance as specified in the Final Terms.

"**Obligation Currency**" means the currency or currencies in which an Obligation is denominated.

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

"**Officer's Certification**" means a certificate signed by a director (or other substantively equivalent title) of the Calculation Agent which shall certify the occurrence of a Credit Event with respect to a Reference Entity.

"**Original Bonds**" has the meaning given to it in Term 9(e) (*Physical Settlement*).

"**Original Loans**" has the meaning given to it in Term 9(e) (*Physical Settlement*).

"**Outstanding Amount**" has the meaning given to it in Term 15(b) (*Restructuring Credit Event*).

"Outstanding Principal Balance" means:

- (a) with respect to any Accreting Obligation, the Accreted Amount thereof;
- (b) with respect to any Exchangeable Obligation that is not an Accreting Obligation, the outstanding principal balance of such obligation excluding any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities into which such obligation is exchangeable; and
- (c) with respect to any other Obligation, the outstanding principal balance of such Obligation.

"Overnight Rate" means the overnight rate for deposits in the relevant currency as determined by the Calculation Agent, in good faith having regard to any then existing market practice.

"Parallel Auction" means **"Auction"** as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Cancellation Date" means **"Auction Cancellation Date"** as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Final Price Determination Date" means **"Auction Final Price Determination Date"** as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Date" means **"Auction Settlement Date"** as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Terms" means, following the occurrence of a Restructuring, if either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the relevant Final Terms, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the deliverable obligation terms are the same as the Deliverable Obligation provisions applicable to the Notes and the Calculation Agent determines that the related Auction would not be an Applicable Auction for the purposes of the Credit-Linked Notes.

"Partial Principal Amount" has the meaning given to it in Term 14(a) or 14(b) (*Succession Event*), as applicable.

"Payment" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.

"Payment Requirement" means the amount specified as such in the Final Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not so specified in the Final Terms, U.S.\$1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

"Permitted Currency" means (a) the legal tender of any Group of seven country (or any country that becomes a member of the Group of seven if such Group of seven expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by S&P, Aaa or higher assigned to it by Moody's or AAA or higher assigned to it by Fitch Ratings.

"Physical Determination Date" has the meaning given to it in Term 3(f) (*Notices*).

"Physical Redeemed" means a Credit-Linked CLN in respect of which, for the relevant Reference Entity, (a) the Settlement Method is specified as **"Physical Settlement"** in the Final Terms or (b) the Settlement Method is specified as **"Auction Settlement"** and the Fallback Settlement Method is specified as **"Physical Settlement"** in the Final Terms but at the relevant time **"Physical Settlement"** is expected to apply.

"Physically Settled CLN" means any Credit-Linked Note which is, or is intended to be, Physical Redeemed upon the satisfaction of Conditions to Settlement (including, for the avoidance of doubt, any Cash or Physically Settled CLN that the Issuer elects to Physical Redeem).

"Physical Settlement Matrix" means the Credit Derivatives Physical Settlement Matrix Supplement to the Credit Derivatives Definitions, as most recently amended or supplemented as at the Issue Date (unless otherwise specified in the Final Terms) and as published by ISDA on its website at www.isda.org (or any successor website). The Physical Settlement Matrix may be applicable to Credit-Linked Notes that are Cash Settled CLNs where the Transaction Type Standard Terms are specified as applicable with respect to such Cash Settled CLNs and one or more Transaction Type(s) are specified as applying to the Reference Entity(ies) of such Cash Settled CLN.

"Physical Settlement Date" means the last day of the longest Physical Settlement Period following the satisfaction of all applicable Conditions to Settlement **provided that** if the Final Price of any Undeliverable Obligations has not been determined by the Business Day immediately preceding the Physical Settlement Date, the Physical Settlement Date shall be the second Business Day after such Final Price is determined.

"Physical Settlement Period" means the number of Business Days specified as such in the Final Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent.

"Portfolio" means all Deliverable Obligations comprising the relevant Credit Event Portion as selected by the Calculation Agent on behalf of the Issuer in its sole discretion, having an Outstanding Principal Balance (in the case of Deliverable Obligations that are Borrowed Money) or a Due and Payable Amount (in the case of Deliverable Obligations that are not Borrowed Money) (or the equivalent Specified Currency amount converted at the Currency Rate) on the Physical Settlement Date up to the Credit-Linked Payer Calculation Amount where:

- (i) in the case of such Deliverable Obligations that are Borrowed Money, the relevant Outstanding Principal Balance should include accrued but unpaid interest (as determined by the Calculation Agent) if "**Include Accrued Interest**" is specified as applying in the applicable Final Terms, but should exclude accrued but unpaid interest if "**Exclude Accrued Interest**" is specified as applying in the applicable Final Terms, and if neither "**Include Accrued Interest**" nor "**Exclude Accrued Interest**" is specified as applying in the applicable Final Terms, should exclude accrued but unpaid interest; and
- (ii) if an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as of the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or circumstance.

For the avoidance of doubt, the Calculation Agent (which if not the Issuer, shall be done on behalf of the Issuer) shall be entitled to select any of the Deliverable Obligations irrespective of their market value.

"Potential Cash Settlement Event" means an event beyond the control of the Issuer (including, without limitation, failure of the relevant clearance system; or the failure to obtain any requisite consent with respect to the Delivery of Loans or the non-receipt of any such requisite consents or any relevant participation (in the case of Direct Loan Participation) is not effected; or due to any law, regulation or court order, (but excluding market conditions) or any contractual, statutory and/or regulatory restriction relating to the relevant Deliverable Obligation, or due to the failure of the Noteholder to give the Issuer details of accounts for settlement; or a failure of the Noteholder to open or procure the opening of such accounts or if the Noteholders are unable to accept Delivery of the Portfolio for any other reason).

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

"Potential Repudiation/Moratorium" means the occurrence of an event described in sub-paragraph (i) of the definition of Repudiation/Moratorium.

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

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

In the event that the Calculation Agent or the Issuer is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the Obligation with respect to which such Credit Event has occurred and (ii) a holder of such Obligations, the Calculation Agent or the Issuer as the case may be shall be required to deliver an Officer's Certification.

In relation to any information of any type described in (b), (c) and (d) above, the party receiving such information may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information. Publicly Available Information need not state:

- (A) in relation to the definition of Downstream Affiliate, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
- (B) that such occurrence:
 - I. has met the Payment Requirement or Default Requirement;
 - II. is the result of exceeding any applicable Grace Period; or
 - III. has met the subjective criteria specified in certain Credit Events.

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

"Qualifying Guarantee" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (a) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (b) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced, or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

In the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:

- (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
- (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Final Terms from the following list: Not Subordinated, CLN Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (v) The terms **"Outstanding Principal Balance"** and **"Due and Payable Amount"** (as they are used in the Terms), when used in connection with Qualifying Guarantees are to be interpreted to be the then Outstanding Principal Balance or Due and Payable Amount, as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

"Qualifying Participation Seller" means any participation seller that meets the requirements specified in the related Confirmation. If no such requirements are specified, there shall be no Qualifying Participation Seller.

"Quotation" means, in respect of Reference Obligations, Deliverable Obligations or Valuation Obligations, as the case may be, each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Relevant Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Relevant Valuation Date from five or more CLN Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the Relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations

from five or more CLN Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation.

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

"Quotation Amount" means with respect to a Reference Obligation, a Deliverable Obligation or a Valuation Obligation, the amount specified in the Final Terms (which may be specified by reference to an amount in a currency or by reference to Representative Amount) or, if no amount is so specified, the Credit-Linked Payer Calculation Amount (or, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

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

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

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

"Reference Entity" or **"Reference Entities"** means the reference entity or reference entities specified in the Final Terms and any Successor either (a) as determined by the Calculation Agent on or following the Trade Date or (b) identified by the Calculation Agent by reference to a public announcement by ISDA on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules.

"Reference Obligation" means (a) the Reference Obligation specified in the Final Terms, or (b) any Substitute Reference Obligation.

"Reference Obligations Only" means any obligation that is a Reference Obligation and no Obligation Characteristics or, as the case may be, Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only.

"Reference Price" means the percentage specified as such in the Final Terms or, if a percentage is not so specified, 100 per cent.

"Relevant City Business Day" has the meaning given to that term in the Rules.

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

"Relevant Valuation Date" means the relevant Valuation Date or Undeliverable Valuation Date, as the case may be.

"Remaining Amount" has the meaning given to it in Term 14(a) (*Succession Event*).

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

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

"Repudiation/Moratorium Evaluation Date" means, if a Potential Repudiation/ Moratorium occurs on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium; **provided that**, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Termination Date unless the Repudiation/Moratorium Extension Condition is satisfied. If (A) the Repudiation/Moratorium Extension Condition is satisfied and (B) an Event Determination Date in respect of that Repudiation/Moratorium does not occur on or prior to the final day of the Notice Delivery Period, the later of the Scheduled Termination Date and the Repudiation/Moratorium Evaluation Date will be the Maturity Date (even if a Repudiation/Moratorium occurs after the Scheduled Termination Date).

"Repudiation/Moratorium Extension Condition" is satisfied if:

- (i) the Calculation Agent determines that ISDA has publicly announced pursuant to a valid request that was made, in accordance with the Rules, and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Termination Date that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and such Resolution constitutes an Applicable Resolution; or
- (ii) otherwise by the delivery by the Calculation Agent to the Issuer and the Issuing and Paying Agent of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the Final Terms, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Termination Date.

In all cases, the Calculation Agent may determine that the Repudiation/Moratorium Extension Condition has not been satisfied, or is not capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Termination Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the relevant Reference Entity or (ii) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), in each case **provided that** the Calculation Agent determines such Resolution is an Applicable Resolution.

"Repudiation/Moratorium Extension Notice" means an irrevocable notice (which may be in writing (including by facsimile and/or email) and/or by telephone) from the Calculation Agent to the Issuer and the Issuing and Paying Agent that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

A Repudiation/Moratorium Extension Notice shall be subject to the requirements regarding notices set out in Term 3(j) (*Notices*).

"Resolve", "Resolved", "Resolves" and "Resolving" means, with respect to a Credit Derivatives Determinations Committee, the making of a specific determination in accordance with the relevant Rules (and each such determination, a **"DC Resolution"**).

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

"Restructuring" means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect

as of the later of (I) the relevant Credit Event Backstop Date and (II) the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
 - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
 - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
 - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
 - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.
- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
- (i) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
 - (ii) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a)(i) to (v) due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
 - (iii) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a)(i) to (v) in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- (c) For purposes of sub-paragraphs (a) and (b) above and (d) below, the term "**Obligation**" shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in sub-paragraph (a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in sub-paragraph (b) shall continue to refer to the Reference Entity.
- (d) Unless Multiple Holder Obligation is specified as not applicable in the Final Terms, then, notwithstanding anything to the contrary in sub-paragraph (a), (b) or (c) above, the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a)(i) to (v) shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

"**Restructuring Credit Event**" has the meaning given to it in Term 15(a) (*Restructuring Credit Event*).

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

"**Restructuring Maturity Limitation Date**" means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Termination Date, **provided that**, in circumstances where the Scheduled Termination Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the

final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a "**Latest Maturity Restructured Bond or Loan**") and the Scheduled Termination Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

In the event that the Scheduled Termination Date is later than (i)(A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (ii) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Termination Date.

"**Revised Currency Rate**" means, with respect to a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time or (b) if such rate is not available at such time, by the Calculation Agent in a commercially reasonable manner.

"**Rules**" means, with respect to a Credit Derivatives Determinations Committee, the Credit Derivatives Determinations Committees Rules as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

"**Scheduled Termination Date**" means the date specified as such in the related Final Terms which date shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the Final Terms.

"**Settlement Currency**" means the currency specified in the Final Terms or, if no currency is so specified, the currency of denomination of the Credit-Linked Payer Calculation Amount.

"**Settlement Date**" means the latest of the Auction Cash Settlement Date, the Cash Settlement Date, the Physical Settlement Date, the Delivery Date, the Latest Permissible Physical Settlement Date, the Extended Physical Settlement Date or the Further Extended Physical Settlement Date, as the case may be.

"**Settlement Method**" means if (a) "**Auction Settlement**" is specified as the applicable Settlement Method in the Final Terms, auction settlement pursuant to Term 10 (*Auction Settlement*), (b) "**Cash Settlement**" is specified as the applicable Settlement Method in the Final Terms, cash settlement pursuant to Term 8 (*Cash Settlement*) or (c) "**Physical Settlement**" is specified as the applicable Settlement Method in the Final Terms, physical settlement pursuant to Term 9 (*Physical Settlement*).

"**Single Reference Entity Cash CLN**" means single Reference Entity Cash Redeemed Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity. Upon the satisfaction of the Conditions to Settlement in respect of such Reference Entity, the CLNs will, unless otherwise specified in the Final Terms, be Cash Redeemed.

"**Single Reference Entity Cash or Physical CLN**" means single Reference Entity Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity. Upon the satisfaction of the Conditions to Settlement in respect of such Reference Entity, the CLNs will, unless otherwise specified in the Final Terms, be redeemed by (i) "**Auction Settlement**" or "**Cash Settlement**", as applicable, or (ii) "**Physical Settlement**", as the case may be, at the option of the Issuer.

"**Single Reference Entity Physical CLN**" means single Reference Entity Physically Redeemed Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity. Upon the satisfaction of the Conditions to Settlement in respect of

such Reference Entity, the CLNs will, unless otherwise specified in the Final Terms, be redeemed by Physical Settlement.

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

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

"Sovereign Restructured Deliverable Obligation" means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the Final Terms, and, subject as set out in the definition of Deliverable Obligation Category, having each of the Deliverable Obligation Characteristics, if any, specified in the Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

"Specified Number" means (a) the number of Public Source(s) specified in the applicable Final Terms, or if no number is specified in the applicable Final Terms, two and (b) where the Publicly Available Information is an ISDA publication, one.

"Standard Alternative Cash Settlement Specifications" means, for the purposes of determining the Final Price in relation to the Alternative Cash Settlement Amount pursuant to Term 9 (*Physical Settlement*) only, the following terms shall be defined as follows (notwithstanding the definitions of such terms in this Term 18:

- (i) **"Indicative Quotation"** means, in accordance with the Quotation Method, each quotation obtained from a CLN Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation, as the case may be, equal to the Quotation Amount, which reflects such CLN Dealer's reasonable assessment of the price of such Undeliverable Obligation, as the case may be, based on such factors as such CLN Dealer may consider relevant, which may include historical prices and recovery rates.
- (ii) **"Market Value"** means, with respect to an Undeliverable Obligation on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the same highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the applicable Final Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained, no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day

following the Valuation Date, the Market Value shall be any Full Quotation obtained from a CLN Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation obtained from CLN Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

- (iii) "**Quotation**" means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying in the applicable Final Terms, each Indicative Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:
- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more CLN Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the Relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more CLN Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the applicable Final Terms, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more CLN Dealers.
 - (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the applicable Final Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a CLN Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation obtained from CLN Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.
 - (c) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
 - (d) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for purposes of determining the Final Price.
- (iv) "**Quotation Amount**" is deemed to be, with respect to each type or issue of Undeliverable Obligation an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation.
- (v) "**Quotation Method**" is deemed to be Bid.
- (vi) "**Reference Obligation**" is deemed to be each Undeliverable Obligation.

- (vii) "**Valuation Date**" is deemed to be the date that is two Business Days after the Latest Permissible Physical Settlement Date.
- (viii) "**Valuation Method**" is deemed to be the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date, unless fewer than two Full Quotations are obtained (or, if applicable, fewer than three Indicative Quotations are obtained) and no Weighted Average Quotation applies in which case "**Valuation Method**" is deemed to be Market Value.
- (ix) "**Valuation Time**" is the time specified as such in the applicable Final Terms, or, if no time is so specified, 11.00 a.m. in the principal trading market for the Undeliverable Obligation.
- (x) "**Weighted Average Quotation**" means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from CLN Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

"**Subordination**" means, with respect to an obligation (the "**Subordination Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (a) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (b) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. Subordinated will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall not be taken into account where the Reference Entity is a Sovereign.

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

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (ii) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, of the delivery and payment obligations of the Issuer under the CLNs and (iii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the

Final Terms, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.

- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to the CLNs, any of the events set forth under sub-paragraph (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to CLNs, any of the events set forth under sub-paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation in relation to the CLNs, any of the events set forth under sub-paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations, or (ii) only one specific Reference Obligation is identified as a Reference Obligation in relation to the CLNs, any of the events set forth under section (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Extension Date. If (A) either the CLNs are to be Cash Redeemed and the Cash Settlement Amount is determined by reference to a Reference Obligation or Valuation Obligation or the CLNs are to be Physical Redeemed and the Reference Obligation is the only Deliverable Obligation, and (B) on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), a Substitute Reference Obligation has not been identified, the Issuer's obligations under the CLNs shall cease as of the end of the day on the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)).
- (f) For purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

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

"Succession Event" means (a) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (b) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect

successor(s) to such Reference Entity, as determined by the Calculation Agent. Notwithstanding the foregoing, "**Succession Event**" shall not include an event (i) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event or (ii) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the applicable Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)).

"**Succession Event Backstop Date**" means:

- (a) for purposes of any event that constitutes a Succession Event for the purposes of certain credit derivative transactions, as determined by DC Resolution, the date that is 90 calendar days prior to the relevant Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), **provided that** the Calculation Agent determines that such DC Resolution constitutes an Applicable Resolution; or
- (b) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Succession Event Notice is effective and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Succession Event Notice is delivered by the Calculation Agent to the Issuer and the Issuing and Paying Agent not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date, **provided that** the Calculation Agent determines that such DC Resolutions constitute Applicable Resolutions.

The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the Final Terms.

"**Succession Event Notice**" means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Issuer and the Issuing and Paying Agent that describes a Succession Event that occurred on or after the relevant Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)).

A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination, pursuant to the definition of Successor, of (a) whether a Succession Event has occurred and (b) if relevant, the identity of any Successor(s).

A Succession Event Notice shall also be subject to the requirements regarding notices set out in Term 3(i) (*Notices*).

"**Succession Event Reference Entity**" has the meaning given to it in Term 14(c) (*Succession Event*).

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

- (a) whether an event that constitutes a Succession Event for purposes of certain credit derivatives transactions has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (i) with respect to a Reference Entity that is not a Sovereign, the legally

effective date of such event or (ii) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective, **provided that** the Calculation Agent determines that such request and the Resolution constitute an Applicable Request and an Applicable Resolution.

"**Successor**" means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set out below:
 - (i) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
 - (ii) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
 - (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor, and the terms of Term 14 (*Succession Event*) shall be applicable;
 - (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor, and the terms of Term 10 (*Succession Event*) shall be applicable;
 - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity and the terms of Term 14 (*Succession Event*) shall be applicable; and
 - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor; and
- (b) in relation to a Sovereign Reference Entity, any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

With respect to any Reference Entity (other than a Sovereign Reference Entity), the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the relevant Succession Event), and with effect from the legally effective

date of the Succession Event, whether the relevant thresholds set forth in sub-paragraph (a) above have been met, or which entity qualifies under sub-paragraph (a)(vi) above, as applicable, **provided that** the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraph (a) above, in sub-paragraph (a) of the definition of "*Succession Event Resolution Request Date*" and sub-paragraph (b)(i) of the definition of "*Succession Event Resolution Request Date*", are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event for purposes of the certain credit derivative transactions has occurred, and in each case the Calculation Agent determines that such DC Resolution is an Applicable Resolution. In calculating the percentages used to determine whether the relevant thresholds set forth in the definition of "**Successor**" have been met, or which entity qualifies under sub-paragraph (a)(vi) of such definition, the Calculation Agent shall use, with respect to each applicable Relevant Obligation included in such calculation, the amount of the liability with respect to such Relevant Obligation listed in the Best Available Information and shall notify the Issuer (or, if the Calculation Agent is the Issuer, the Noteholders) of such calculation.

In the case of (a) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set out in sub-paragraphs (a)(i) to (vi) above have been met, or which entity qualifies under sub-paragraph (a)(vi) above, as applicable. In calculating the percentages used to determine whether the relevant thresholds set out in sub-paragraph (a) above have been met, or which entity qualifies under sub-paragraph (a)(vi) above, as applicable, the Calculation Agent shall use, with respect to each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall notify the Issuer of such calculation.

With respect to any Sovereign Reference Entity, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the date of the occurrence of the relevant Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under sub-paragraph (b) above; **provided that** the Calculation Agent will not make such determination if, at such time, either (i) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraph (b) above and sub-paragraphs (a) and (b)(i) of the definition of "*Succession Event Resolution Request Date*" are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (ii) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred and the Calculation Agent determines that such DC Resolution is an Applicable Resolution. A copy of the notice of any determination of a Successor shall be given to Noteholders in accordance with Condition 16 (*Notices*).

For the purposes of this definition of "**Successor**", "**succeed**" means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) as a result of an obligation exchange or otherwise and such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations).

Where:

- (i) a Reference Obligation is specified in the Final Terms; and
- (ii) one or more Successors to the Reference Entity have been identified; and

(iii) any one or more such Successors have not assumed the Reference Obligation,

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

"**Successor Reference Entity**" has the meaning given to it in Term 14(b) (*Succession Event*).

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

"**Suspension Event**" means the Calculation Agent determines that a public announcement has been made by ISDA that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules and such announcement relates to a Reference Entity and Credit Event under the CLNs.

"**Suspension Event Cessation Date**" means, with respect to a Suspension Event, the date on which the Calculation Agent determines that ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved either (a) the matters described in the definition of Suspension Event or (b) not to determine such matters.

"**Terms**" means the provisions of the Standard Terms for Credit-Linked Notes as may be modified and/or supplemented in the Final Terms.

"**Trade Date**" means the date from which the credit protection purchased by the Issuer commences, as specified in the applicable Final Terms or if not so specified, the Issue Date.

"**Transaction Type**" means, unless otherwise specified in the Final Terms:

A. for the purposes of the application of the Physical Settlement Matrix to the CLNs if the Physical Settlement Matrix is applicable, each Reference Entity designated as one of the following in the Final Terms:

- (a) North American Corporate;
- (b) European Corporate;
- (c) Australia Corporate;
- (d) New Zealand Corporate;
- (e) Japan Corporate;
- (f) Singapore Corporate;
- (g) Asia Corporate;
- (h) Asia Sovereign;
- (i) Emerging European & Middle Eastern Sovereign;
- (j) Japan Sovereign;
- (k) Australia Sovereign;
- (l) New Zealand Sovereign;
- (m) Singapore Sovereign;
- (n) Latin America Sovereign;

(o) Western European Sovereign,

and any other Transaction Type which may be added to the Physical Settlement Matrix from time to time; and

B. for the purposes of the application of the Programme Transaction Type Standard Terms to the CLNs, each Reference Entity designated as one of the following in the Final Terms:

(a) Africa Corporate; and

(b) Africa Sovereign.

"Transaction Type Standard Terms" means, unless otherwise specified in the Final Terms, in respect of any Transaction Type specified in the Final Terms as a Reference Entity:

- (a) if the Physical Settlement Matrix is applicable, the relevant terms corresponding to such Transaction Type contained in the Physical Settlement Matrix; and
- (b) in all other cases, the relevant Transaction Type Standard Terms corresponding to such Entity Type contained in Appendix 1 hereto (the **"Programme Transaction Type Standard Terms"**).

For the avoidance of doubt, the Transaction Type Standard Terms can also apply to Cash Settled CLNs.

"Transferable" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:

- (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds,

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

"Undeliverable Obligation" means in the case of a Physical Settled CLN, any Deliverable Obligation which is the subject of the Potential Cash Settlement Event and/or a Hedge Disruption Event.

"Undeliverable Valuation Date" means the date that is two Business Days after the latest of the Latest Permissible Physical Settlement Date, the Extended Physical Settlement Date or the Further Extended Physical Settlement Date, as the case may be.

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

"Valuation Date" means the date that is the number of calendar days or Business Days (as specified in the Final Terms) after the Conditions to Settlement have been satisfied (or in the case of a Basket Cash CLN, Basket Physical CLN or Basket Cash or Physical CLN, each date on

which the Conditions to Settlement have been satisfied) or, if no date is so specified, the date that is five Business Days after the Conditions to Settlement have been satisfied.

"Valuation Method":

(a) The following Valuation Methods may be specified in the applicable Final Terms for a CLN with only one Reference Obligation and only one Valuation Date:

- (i) "**Market**" means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
- (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

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

(b) The following Valuation Methods may be specified in the applicable Final Terms for a CLN with only one Reference Obligation and more than one Valuation Date:

- (i) "**Average Market**" means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
- (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
- (iii) "**Average Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

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

(c) The following Valuation Methods may be specified in the applicable Final Terms for a CLN with more than one Reference Obligation and only one Valuation Date:

- (i) "**Blended Market**" means the unweighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date;
- (ii) "**Blended Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date;
- (iii) "**Weighted Blended Market**" means the weighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date, such weighting to be made on such terms as the Calculation Agent determines appropriate, which may, without limitation be by reference to hedging arrangements of the Issuer and/or any of its Affiliates in respect of the CLNs; or
- (iv) "**Weighted Blended Highest**" means the weighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date, such weighting to be made on such terms as the Calculation Agent determines appropriate, which may, without limitation be by reference to hedging arrangements of the Issuer and/or any of its Affiliates in respect of the CLNs.

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

- (d) The following Valuation Methods may be specified in the applicable Final Terms for a CLN with more than one Reference Obligation and more than one Valuation Date:
- (i) "**Average Blended Market**" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date;
 - (ii) "**Average Blended Highest**" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date;
 - (iii) "**Weighted Average Blended Market**" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the weighted arithmetic mean of the values so determined with respect to each Valuation Date, such weighting to be made on such terms as the Calculation Agent determines appropriate, which may, without limitation be by reference to hedging arrangements of the Issuer and/or any of its Affiliates in respect of the CLNs; or
 - (iv) "**Weighted Average Blended Highest**" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Market Valuation Method, the weighted arithmetic mean of the values so determined with respect to each Valuation Date, such weighting to be made on such terms as the Calculation Agent determines appropriate, which may, without limitation be by reference to hedging arrangements of the Issuer and/or any of its Affiliates in respect of the CLNs.

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

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

"**Valuation Obligation**" means in respect of a Reference Entity, one or more obligations of such Reference Entity (either directly or as provider of a Qualifying Guarantee or, as the case may be, Qualifying Affiliate Guarantee), which would constitute a "**Deliverable Obligation**" as selected by the Issuer in its sole and absolute discretion on the Relevant Valuation Date, within the Deliverable Obligation Category and with the Deliverable Obligation Characteristics as specified in the Final Terms except for the following amendments:

- (a) any reference to the words "**Delivery Date**" in the definitions of Conditionally Transferable Obligation, Deliverable Obligation, within any of the terms comprising Deliverable Obligation Category or Deliverable Obligation Characteristic and Due and Payable Amount shall be deemed to be a reference to the words "**Relevant Valuation Date**";
- (b) the deletion of the words "**being Delivered**" in the definition of Deliverable Obligation; and
- (c) the deletion of the whole of the second paragraph within the definition of "**Not Contingent**" and replacing it with the following:

"If an Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Obligation may only be included in the Valuation Obligations Portfolio if the rights referred to in sub-paragraphs (i) and (ii) above have not been exercised (or such exercise has been effectively rescinded) on or before the Relevant Valuation Date."

For the avoidance of doubt, the use of Deliverable Obligation terms in the definition of Valuation Obligation is for convenience only and is not intended to amend the selected settlement method.

"Valuation Obligations Portfolio" means, with respect to a Reference Entity, one or more types or issues of Valuation Obligations selected by the Issuer in its sole and absolute discretion. If the Valuation Obligations Portfolio with respect to a Reference Entity comprises more than one Valuation Obligation then the Issuer shall in its sole and absolute discretion apportion to each such Valuation Obligation an Outstanding Principal Balance or Due and Payable Amount (or the equivalent in the Specified Currency thereof), which in aggregate shall be an amount most closely approximate (as determined by the Issuer in its sole and absolute discretion) to the Credit-Linked Payer Calculation Amount for such Reference Entity.

"Valuation Obligation Settlement Amount" means, in respect of each Valuation Obligation comprised in a Valuation Obligations Portfolio, an amount equal to the greater of (A)(1) a percentage equal to the relevant Final Price, multiplied by (2) the relevant Outstanding Principal Balance or Due and Payable Amount apportioned to such Valuation Obligation by the Issuer in accordance with its sole and absolute discretion, and (B) zero.

"Valuation Time" means the time specified in the Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation, Valuation Obligation or Undeliverable Obligation, as the case may be.

"Voting Shares" shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

"Weighted Average Quotation" means, in accordance with the bid quotations provided by the CLN Dealers, the weighted average of firm quotations obtained from the CLN Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation, Deliverable Obligation or Valuation Obligation, as the case may be, with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

APPENDIX 1 - PROGRAMME TRANSACTION TYPE STANDARD TERMS

**PART A
AFRICA CORPORATE CONVENTION TERMS**

Calculation Agent City:	London	
Business Days:	USD: London & New York EUR: London & TARGET Settlement Day	
All Guarantees:	Applicable	
Credit Event:	Bankruptcy Failure to Pay Grace Period Extension:	Applicable
	Obligation Acceleration Repudiation/Moratorium Restructuring	
	Multiple Holder Obligation:	Applicable for Loans and Not Applicable for Bonds.
Obligation(s):	Obligation Category:	Bond or Loan
	Obligation Characteristics:	Not Subordinated
Not Domestic Currency		
Not Domestic Law		
Not Domestic Issuance		
Deliverable Obligations:	Deliverable Obligation Category:	Bond or Loan
	Deliverable Obligation Characteristics:	Not Subordinated Specified Currency Not Domestic Issuance Not Contingent Transferable Not Bearer Assignable Loan Consent Required Loan Not Domestic Law

PART B
AFRICA SOVEREIGN CONVENTION TERMS

Calculation Agent City:	London	
Business Days:	USD: London & New York EUR: London & TARGET Settlement Day	
All Guarantees:	Applicable	
Credit Event:	Failure to Pay	
	Grace Period Extension:	Applicable
	Obligation Acceleration	
	Repudiation/Moratorium	
	Restructuring	
Obligation(s):	Multiple Holder Obligation:	Not Applicable
	Obligation Category:	Bond
	Obligation Characteristics:	Not Subordinated
Not Domestic Currency		
Not Domestic Law		
Not Domestic Issuance		
Deliverable Obligations:	Deliverable Obligation	Bond
	Category:	
	Deliverable Obligation	
	Characteristics:	Not Subordinated Specified Currency Not Domestic Law Not Contingent Not Domestic Issuance Transferable Not Bearer

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1. Initial Issue of Notes

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. If the Global Certificates are stated in the applicable Final Terms to be held under the NSS, the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global notes which are issued in CGN form and Global Certificates not intended to be held under the NSS may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**").

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relevant Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN or the Global Certificate is to be held under the NSS, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note or Global Certificate and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2. Relationship of Accountholders with Clearing Systems

In relation to any Tranche of Bearer Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a Common Depositary, in the case of a CGN, or a Common Safekeeper, in the case of an NGN, for Euroclear and/or Clearstream, Luxembourg and/or any other permitted clearing system ("**Alternative Clearing System**"), will be that Common Depositary or, as the case may be, Common Safekeeper.

In relation to any Tranche of Registered Notes represented by one or more Global Certificates, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name the relevant Global Certificate is for the time being registered in the Register which, in the case of any Global Certificate which is held by or on behalf of a Common Depositary or a Common Safekeeper for Euroclear and/or Clearstream, Luxembourg and/or Alternative Clearing System, will be that Common Depositary or Common Safekeeper or a nominee for that Common Depositary or Common Safekeeper.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or Alternative Clearing System as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or

such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3. **Exchange**

3.1 **Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Summary – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

3.2 **Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes or, in the case of paragraph 3.4 below, Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes and
- (ii) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 **Permanent Global Certificates**

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) (*Transfer of Registered Notes*) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 **Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (i) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (ii) for Definitive Notes (a) if principal in respect of any Notes is not paid when due or (b) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

3.5 **Delivery of Notes**

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to the whole or that part of the temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 **Exchange Date**

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

4. **Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

4.1 **Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) (*Appointment of Agents*) and Condition 8(e) (*Payment by another Paying Agent*) will apply to the Definitive Notes only. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "**business day**" set out in Condition 7(h) (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

4.2 **Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.3 **Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.4 **Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

4.5 **Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

4.6 **Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent or to a Paying Agent for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.7 **Nominal Amount**

Where the Global Note is a NGN or the Global Certificate is to be held under the NSS, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note or Global Certificate shall be adjusted accordingly.

4.8 **Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.10 **Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to

entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

5. **Partly Paid Notes**

The provisions relating to Partly Paid Notes are not set out in this Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for its general corporate purposes including making intra-group loans. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

TAXATION

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

A. UK Withholding Tax on UK Source Interest

The Notes issued by the Issuer which carry a right to interest ("**UK Notes**") will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The London Stock Exchange is a recognised stock exchange, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom Official List and admitted to trading on the Regulated Market of the London Stock Exchange.

In addition to the exemption set out above, interest on the UK Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with the published practice of HMRC, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:

- (i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the FSA whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
- (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

In all cases falling outside the exemptions described above, interest on the UK Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

On 27 March 2012, HMRC published a Consultation Document on "Possible changes to income tax rules on interest" which includes proposals relating to the imposition of United Kingdom withholding tax. One potential change is that the quoted Eurobond exemption from withholding tax on UK interest will not be available where Notes are issued between group companies and listed on a stock exchange on which there is no substantial or regular trading in the Notes. It is also proposed that the withholding tax obligation in respect of UK interest payments be extended so that it may apply to interest on Notes issued for a term of less than one year. It is not possible to identify at this time to what extent, if at all, these proposals will be implemented.

B. Provision of Information

Noteholders should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" for the purposes of section 430 of the Income Tax (Trading and Other Income) Act 2005 (although, in this regard, HMRC published guidance for the year 2012/2013 which indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

C. EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

D. Other Rules Relating to United Kingdom Withholding Tax

1. Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in section A above, but may be subject to reporting requirements as outlined in section B above.
2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

3. Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
4. The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation (e.g. see Condition 5 (*Interest and other Calculations*) of the Notes). Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.
5. The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer pursuant to Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*) of the Notes or otherwise and does not consider the tax consequences of any such substitution.

SUBSCRIPTION AND SALE

The Notes will be offered on a continuous basis by the Issuer to the Dealers or to others. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer.

Selling Restrictions

United States

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

Notes in bearer form for U.S. tax purposes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed and each new Dealer will be required to represent and agree that it has not offered, sold or delivered and will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

Each Issuance of Index Linked Notes, Dual Currency Notes and Credit-Linked Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms. Each Dealer has agreed and each new Dealer will be required to agree that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person, or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed and each new Dealer will be required to represent, warrant and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the

offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Approved Prospectus*: if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, *provided that* any such prospectus which has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

United Kingdom

Each Dealer has represented and agreed and each new Dealer shall be required to represent and agree that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken and each new Dealer will be required to undertake that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all

applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

These selling restrictions may be modified by the Issuer (where applicable, with the agreement of the Dealers) following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed and each new Dealer will be required to agree that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms in all cases at its own expense.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17 / 19].¹]

Final Terms dated [•]

Investec Bank plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the £6,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 13 June 2012 [and the supplemental Prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]

[Terms used herein shall be deemed to be defined as such for the purposes of the [2009/2010/2011] Conditions [and the [2009/2010/2011] CLN Terms *[insert only for CLN fungible issues]*] which are defined in, and incorporated by reference into, the Prospectus dated 13 June 2012. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Prospectus dated 13 June 2012 [and the supplemental Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated 13 June 2012 [and the supplemental Prospectuses dated [•] and [•]]. [The Prospectus [and the supplemental Prospectuses] are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

*[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute "**significant new factors**" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

¹ To be included in respect of all listed issues. Delete 17 or 19 as appropriate. Listing Rule 19 applies to securitised derivatives. Listing Rule 17 applies to debt securities, asset-backed securities and convertible securities.

1. Issuer: [•]
2. [(i) Series Number: [•]
[(ii) Tranche Number: [•]

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
3. Specified Currency or Currencies: [•]
4. Aggregate Nominal Amount of Notes:
[(i) Series: [•]
[(ii) Tranche: [•]]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denominations: [•]
(ii) Calculation Amount: [•]

[If only one Specified Denomination, insert the Specified Denomination.

If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.]
7. (i) Issue Date: [•]
(ii) Interest Commencement Date [Specify/Issue Date/Not Applicable]
8. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year] ¹
9. Interest Basis: [• per cent. Fixed Rate]
[[specify reference rate] +/- • per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Credit Linked]
[Dual Currency Interest]
[Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Credit Linked]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[Other (specify)]

11. Change of Interest Redemption/Payment Basis: or [Specify details of any provision for convertibility of Notes into another Interest or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
(further particulars specified below)]
13. [(i)] Status of the Notes: [Senior/[Dated/Undated]/ Subordinated]
[(ii)] [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] and [], respectively
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted]
(N.B. This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) [Determination Dates: [] in each year [insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)]]
- Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment [•]

Dates:

- (iii) First Interest Payment Date: [•]
- (iv) Interest Period Date: [•]
[Not applicable unless different from Interest Payment Date]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (vi) Additional Business Centre(s): [•]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [•]
- (ix) Screen Rate Determination:
- Reference Rate: [•]
[Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement]
 - Interest Determination [•]
[Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR]
 - Relevant Screen Page: [•]
- (x) ISDA Determination: *[In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately.]*
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
 - [ISDA Definitions: [2000/2006]]
- (xi) Margin(s): [•][+/-][] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum
- (xiii) Maximum Rate of Interest: [•] per cent. per annum

- (xiv) Day Count Fraction: [•]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]
(See Condition 5 (Interest and other Calculations) for alternatives)
17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Amortisation Yield: [•] per cent. per annum
- (ii) Any other formula/basis of determining amount payable: [•]
18. **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- [N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.]
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [•]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Interest Determination Date(s): [•]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [include a description of market disruption or settlement disruption events and adjustment provisions if appropriate]
- (vi) Interest Period(s): [•]
- (vii) Specified Interest Payment Dates: [•]
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

- (ix) Business Centre(s): [•]
 - (x) Minimum Rate of Interest: [•] per cent. per annum
 - (xi) Maximum Rate of Interest: [•] per cent. per annum
 - (xii) Day Count Fraction: [•]
19. **Dual Currency Note Provisions** [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
 - (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the [Agent]): [•]
 - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
 - (iv) Person at whose option Specified Currency(ies) is/are payable: [•]

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [•] per Calculation Amount
 - (b) Maximum Redemption Amount: [•] per Calculation Amount
 - (iv) Notice period: [•]
- [N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or Trustee.]*

21. **Put Option** [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) Notice period: [•]
[N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Paying Agent or Trustee.]
22. **Final Redemption Amount of each Note** [•] per Calculation Amount
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked: *[N.B. Where the Final Redemption Amount is linked to the exercise price or the final reference price of an underlying, give details of the exercise price or final reference price.]*
- [Where Notes are Credit Linked Notes, specify “Not Applicable” and complete Annex A (Further Provisions for the Final Terms relating to Credit Linked Notes) as applicable]*
- (i) Index/Formula/variable: [give or annex details]
- (ii) Party responsible for calculating the Final Redemption Amount (if not the [Agent]): [•]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Determination Date(s): [•]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: *[Include a description of market disruption or settlement disruption events and adjustment provisions if appropriate]*
- (vi) Payment Date: [•]
- (vii) Minimum Final Redemption Amount: [•] per Calculation Amount

(viii) Maximum Final Redemption Amount: [•] per Calculation Amount

23. **Early Redemption Amount**

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons, redemption following hedging disruption or an event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

[The Early Redemption Amount per Note shall be such Note's *pro rata* share of an amount determined in good faith and in a commercially reasonable manner by the Calculation Agent to be the fair market value of the Notes immediately prior to (and ignoring the circumstances leading to) such early redemption with reference to then existing market factors, including, but not limited to, the remaining time to maturity, the prevailing interest rate yield curve(s) and such other pricing sources and methods (which may include, without limitation, available prices for securities with similar maturities, terms and credit characteristics as the Notes) as the Calculation Agent considers appropriate, adjusted to account fully for any reasonable expenses and costs of the Issuer of unwinding, liquidating, obtaining or re-establishing any underlying and/or related hedging, trading positions and funding arrangements (including, without limitation, any options, swaps or other instruments of any type whatsoever hedging the Issuer's obligations under the Notes).] [Final Redemption Amount] [other (*give details*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. **Form of Notes:**

[Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[If the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000]" the Temporary Global Note must not be expressed to be exchangeable for Definitive Notes]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]]

[Registered Notes:

[Global Certificate registered in the name of a nominee for a Common Depositary for Euroclear and Clearstream, Luxembourg / a Common Safekeeper for Euroclear and Clearstream, Luxembourg and held under the New Safekeeping Structure (NSS)]

25. New Global Note/Intended to be held under the New Safekeeping Structure: [Yes] [No]

26. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15(ii), 16(v) and 18(ix) relate]
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [•] apply]
- [If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates.)]*
31. Consolidation provisions: [Not Applicable/The provisions [in Condition [•] apply]
32. Other final terms: [Not Applicable/give details]
- [When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*
- [For Credit Linked Notes, insert the following: "Annex A "Further Provisions for the Final Terms relating to Credit-Linked Notes" shall apply"]*

DISTRIBUTION

33. (i) If syndicated, names of Managers: [Not Applicable/give names]
- [If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.]*
- (ii) Date of [Subscription] Agreement: [•]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]

34. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
(Where the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation apply, insert address of the Dealer).
35. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/ TEFRA D/ TEFRA not applicable]
36. Additional selling restrictions: [Not Applicable/*give details*]

[PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue and admission of the Notes described herein to the [*specify relevant competent authority*] and their admission to trading on [*specify relevant regulated market*] pursuant to the £6,000,000,000 Euro Medium Term Note Programme of Investec Bank plc.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [*Relevant third party information*] has been extracted from (*specify source*).] The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of Investec Bank plc:

By: By:
 Duly authorised Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing [London/Luxembourg/other (specify)/None]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•] with effect from [•].] [Not Applicable.]
- [Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.]
- (iii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

Ratings: [The long-term [senior / subordinated] debt of the Issuer has been rated: / The Notes to be issued have been rated:]

[S & P*: []]

[Moody's*: []]

[[Fitch*: []]

[[Other]*: []]

*[*The exact legal name of the rating agency entity providing the rating should be specified-for example "Standard & Poor's Credit Market Services Europe Limited", rather than just Standard and Poor's.]*

[Need to include a brief explanation of the meaning of the ratings if this has been previously published by the rating provider.]

[The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.]

*[Insert legal name(s) of particular credit rating agency/agencies] is/are established in the EU and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]*

[Insert legal name(s) of particular credit rating agency/agencies] is/are not established in the EU but the rating it has/they have given to the [Notes]/[long term [senior/subordinated] debt securities of the Issuer] is endorsed by [insert legal name of credit rating agency], which is established in the EU and registered under Regulation (EU) No 1060/2009, as amended (the

"CRA Regulation").]/

[Insert legal name(s) of particular credit rating agency/agencies] is/are not established in the EU but is/are certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation").]/

[Insert legal name(s) of particular credit rating agency/agencies] is/are not established in the EU and is/are not certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation") and the rating it has/they have given to the [Notes]/[long term [senior/subordinated] debt securities of the Issuer] is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.]

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EU and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EU before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EU but is endorsed by a credit rating agency established in the EU and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EU which is certified under the CRA Regulation.

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.” [Amend as appropriate if there are other interests]

[When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

4. **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

[(i) Reasons for the offer: [•]

[See [“Use of Proceeds”] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.]

[(ii) Estimated net proceeds: [•]

[If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state

amount and sources of other funding.]]

[(iii) Estimated total expenses: [•]

*[If the Notes are derivative securities for which Annex XII of the Prospectus Directive Regulation applies it is] only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.]]**

5. **[Fixed Rate Notes only – YIELD**

Indication of yield: [•]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]] **

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained] / [does not intend to provide post-issuance information]*.

[N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.]

7. **[Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]**

[When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

[N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.]

8. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s) [and address(es)]]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [•]

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes]] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.][include this text if “yes” selected in which case the Notes must be issued in NGN form or are intended to be held under the NSS]

9. **TERMS AND CONDITIONS OF THE OFFER**

Offer Price: [Issue Price][specify]

Offer Period: [specify]

Conditions to which the offer is subject: [Not Applicable/give details]

Description of the application process: [Not Applicable/give details]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give details</i>]
Details of the minimum and/or maximum amount of application:	[Not Applicable/ <i>give details</i>]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/ <i>give details</i>]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/ <i>give details</i>]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i>]
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/ <i>give details</i>]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/ <i>give details</i>]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/ <i>give details</i>]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[None/ <i>give details</i>]

ANNEX A - FURTHER PROVISIONS FOR THE FINAL TERMS RELATING TO CREDIT-LINKED NOTES

The following provisions form part of the Final Terms. The Notes are Credit-Linked Notes. The Standard Terms for Credit-Linked Notes shall apply to the Notes as further modified by the following provisions and shall together modify and supplement the Base Conditions.

General

- (a) Type of Credit-Linked Notes: [Single Reference Entity Cash CLN]
[Single Reference Entity Physical CLN]
[Single Reference Entity Cash or Physical CLN]

[Nth-to-Default Cash CLN]
[Nth-to-Default Physical CLN]
[Nth-to-Default Cash or Physical CLN]

[Basket Cash CLN]
[Basket Physical CLN]

[Basket Cash or Physical CLN][Other]
- (b) Whether Transaction Type Standard Terms applicable: [Yes/No] *[N.B. This can apply for Cash Settled CLNs]*
- (c) Reference Entity(ies) and Reference Obligation(s): *[insert details of the underlying Reference Entities and Reference Obligations]*
- (i) Transaction Type(s) *[insert details]* [Not Applicable] *[N.B. Specify Transaction Type(s) where the Transaction Type Standard Terms apply]*
- (d) Whether Substitution of Reference Entity(ies) is applicable [Yes/No]
- (e) Whether substitution of the Reference Obligation(s) is applicable: [Yes/No]
- (f) All Guarantees: [Transaction Type Standard Terms apply] or [Applicable/Not Applicable]
- (g) Reference Price: [100 per cent]
- (h) Credit-Linked Payer Calculation Amount: *[insert details]*
- (i) Scheduled Termination Date: *[insert details]*
- (j) (i) Credit Events: [Transaction Type Standard Terms apply]
[Where the Standard Terms apply, specify whether "Restructuring" is applicable in the case of a North American Corporate Transaction Type or Standard North American Corporate Transaction Type]
or
[Bankruptcy]
[Failure to Pay]
[Grace Period Extension Applicable]
[Grace Period: *[insert details]*]
[Payment Requirement: *[insert details]*]

- [Obligation Acceleration]
 [Obligation Default]
 [Repudiation/Moratorium]
 [Restructuring]
 [Restructuring Maturity Limitation and Fully Transferable
 Obligation: [Applicable]/[Not Applicable]]
 [Modified Restructuring Maturity Limitation and
 Conditionally Transferable Obligation: [Applicable/Not
 Applicable]]
 [Multiple Holder Obligation: [Applicable]/[Not
 Applicable]]
 [Default Requirement: *insert details*]]
- (ii) Additional Credit Events: [None/*insert details*]
- (k) Obligations:
- Obligation Category: [Transaction Type Standard Terms apply]
 or
 [Payment]
 [Borrowed Money]
 [Reference Obligations Only]
 [Bond]
 [Loan]
 [Bond or Loan]
- Obligation Characteristics: [Transaction Type Standard Terms apply]
 or
 [Not Subordinated]
 [CLN Specified Currency]
 [Not Sovereign Lender]
 [Not Domestic Currency]
 [Domestic Currency means: []]
 [Not Domestic Law]
 [Listed]
 [Not Domestic Issuance]
- Excluded Obligations: *insert details*
- (l) Conditions to Settlement: Credit Event Notice
 [Notice of Publicly Available Information]
 [Public Sources: *insert details*]
 [Notice of Physical Settlement]
 [Other Transaction Type Standard Terms apply (if any)]
- (m) Settlement Currency: *insert details*
- (n) Settlement Method: [Cash Settlement] [Physical Settlement] [Auction
 Settlement]
- (o) Fallback Settlement Method: [Cash Settlement] [Physical Settlement] [Not Applicable]
- (p) Credit Derivatives [Applicable]/[Not Applicable]
 Determinations Committee
 Extension:

Additional Terms relating to Auction Settlement

- (q) Auction Cash Settlement Amount: [As defined in Term 18 of the Standard Terms for Credit
 Linked Notes]/[*Other (specify)*]

(r) Auction Cash Settlement Date: [As defined in Term 18 of the Standard Terms for Credit Linked Notes]/[Other (specify)]

Terms relating to Cash Settlement

(s) Valuation Obligations: [Applicable]/[Not Applicable]
[Applies only to a Cash Settlement. Where Physical Settlement is the Settlement Method or Fallback Settlement Method, specify Not Applicable and delete the remaining sub-paragraphs]

Valuation Obligation Category: [Transaction Type Standard Terms apply] or
[Payment]
[Borrowed Money]
[Reference Obligations Only]
[Bond]
[Loan]
[Bond or Loan]

Valuation Obligation Characteristics: [Transaction Type Standard Terms apply] or
[Not Subordinated]
[CLN Specified Currency]
[Not Sovereign Lender]
[Not Domestic Currency]
[Not Domestic Law]
[Listed]
[Not Contingent]
[Not Domestic Issuance]
[Assignable Loan]
[Consent Required Loan]
[Direct Loan Participation]
[Transferable]
[Maximum Maturity: [] years]
[Accelerated or Matured]
[Not Bearer]

Excluded Valuation Obligations: *[insert details]*

Accrued Interest: [Not Applicable] [Include Accrued Interest] [Exclude Accrued Interest]

Valuation Time: [Not Applicable] *[insert details]*

(t) Quotation Amount: [Not Applicable] *[insert details]*

(u) Minimum Quotation Amount: [Not Applicable] *[insert details]*

(v) CLN Dealer(s): [Not Applicable] *[insert details]*

(w) CLN Specified Currency: [Not Applicable] [Standard Specified Currencies/ *insert details]*

(x) Cash Settlement Date: [Not Applicable] *[insert details]*

(y) (i) Cash Settlement Amount: [Not Applicable] *[insert details]*

(ii) Cash Settlement of Loans: [Not Applicable] [If one or more Loans are included in the Portfolio of Deliverable Obligations, then the Issuer shall redeem a corresponding portion of the Notes by making a

payment to the Noteholders of an amount equal to the Loan Settlement Amount to be apportioned *pro rata* amongst the Noteholders on the Settlement Date.

“**Loan Settlement Amount**” means the aggregate cash amount representing the portion of the Portfolio represented by Loans, calculated using the relevant Final Price for each Loan multiplied by the relevant nominal amount of each Loan in the Portfolio.]

(z) Quotations: [Not Applicable] [Include Accrued Interest] [Exclude Accrued Interest]

Additional Terms relating to Physical Settlement

(aa) (i) Physical Settlement Date: [Not Applicable] [*insert details*]

(ii) Physical Settlement Period: [Not Applicable] [Transaction Type Standard Terms apply] or [*insert details*] Business Days.

(iii) Asset Transfer Notice Cut-Off Date: [Not Applicable] [*insert details*] Business Days after the Notice of Physical Settlement has been sent by the Issuer to Note holders pursuant to Term 3(e).

(bb) Deliverable Obligations:

Deliverable Obligation Category: [Not Applicable] [Transaction Type Standard Terms apply] or [Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan]

Deliverable Obligation Characteristics: [Not Applicable] [Transaction Type Standard Terms apply] or [Not Subordinated] [CLN Specified Currency] [Not Sovereign Lender] [Not Domestic Currency] [Not Domestic Law] [Listed] [Not Contingent] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Maximum Maturity: [] years] [Accelerated or Matured] [Not Bearer]

Excluded Deliverable Obligations: [Not Applicable] [*insert details*]

(cc) Accrued Interest: [Not Applicable] [Include Accrued Interest] [Exclude Accrued Interest]

(dd) Alternative Cash Settlement: [Not Applicable] [Standard Alternative Cash Settlement Specifications apply/*insert details*]

Escrow: [Transaction Type Standard Terms apply] or [Applicable]/[Not Applicable]

Amendments to interest provisions on the Notes

(ee) Cessation of interest: [Not Applicable]

[Interest ceases to accrue from the Interest Payment Date immediately preceding the Event Determination Date (or, in the case of the first Interest Period, the Interest Commencement Date)]

[Interest ceases to accrue from (but excluding) the Event Determination Date]

[Interest ceases to accrue from the Interest Payment Date immediately preceding the relevant Cash Settlement Date, Physical Settlement Date or Delivery Date, as applicable (or, in the case of the first Interest Period, the Interest Commencement Date)]

Further provisions/amendments

(ff) Additional provisions/amendments to the Standard Terms for Credit-Linked Notes: [Not Applicable] [*insert all relevant details*]

GENERAL INFORMATION

- (1) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or before 18 June 2012. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.
- (2) The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment of the Programme. The establishment of the Programme was authorised by a resolution of the board of directors of the Issuer passed on 28 October 2009 and the update of the Programme was authorised by a resolution of the board of directors of the Issuer passed on 11 June 2012.
- (3) Save as disclosed in the line items (i) Operating costs; (ii) Operating profit before amortisation of acquired intangibles, integration costs, non-operating items, taxation and after non-controlling interests; (iii) Earnings attributable to ordinary shareholders; and (iv) Cost to income ratio, each contained at page 2 of the amended preliminary unaudited consolidated financial information for the year ended 31 March 2012, there has been no significant change in the financial or trading position of the Issuer or of the Group since the year ended 31 March 2012, the most recent period for which it has published amended preliminary unaudited financial information. There has been no material adverse change in the prospects of the Issuer or of the Group since the financial year ended 31 March 2011; the most recent financial year for which the Issuer has published audited financial statements.
- (4) Neither the Issuer nor any of its subsidiaries has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.
- (5) Each Bearer Note that is in registered form for U.S. tax purposes having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "**Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code**".
- (6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
- (7) Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- (8) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
- (9) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuing and Paying Agent and the registered office of the Issuer:
 - (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - (ii) the Agency Agreement;

- (iii) the Memorandum and Articles of Association of the Issuer;
 - (iv) the audited consolidated financial statements of the Issuer for the financial years ended 31 March 2010 and 31 March 2011 respectively, together in each case with the audit report thereon;
 - (v) the unaudited consolidated financial information for the six months ended 30 September 2011 and the amended preliminary unaudited consolidated financial information for the year ended 31 March 2012;
 - (vi) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);
 - (vii) a copy of this Prospectus together with any Supplement to this Prospectus or further prospectus; and
 - (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.
- (10) The audited consolidated financial statements of the Issuer for the financial years ended 31 March 2010 and 31 March 2011 have been audited without qualification by Ernst & Young LLP, chartered accountants registered auditors and independent auditors (authorised and regulated by the Financial Services Authority for designated investment business) whose address is 1 More London Place, London SE1 2AF.

INDEX OF DEFINED TERMS

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REGISTERED OFFICE OF THE ISSUER

Investec Bank plc
2 Gresham Street
London EC2V 7QP

TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB

ISSUING AND PAYING AGENT

Deutsche Bank AG London Branch
Winchester House
1 Great Winchester House
London EC2N 2DB

REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg
Grand Duchy of Luxembourg

AUDITORS TO THE ISSUER

Ernst & Young LLP
1 More London Place
London SE1 2AF

REGISTERED OFFICE OF THE ARRANGER AND DEALER

Investec Bank plc
2 Gresham Street
London EC2V 7QP

LEGAL ADVISERS

To the Arranger as to the laws of England

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

To the Trustee as to the laws of England

Allen & Overy LLP
One Bishops Square
London E1 6AD