

## TERMS AND CONDITIONS OF THE NOTES

*The following (except for the paragraphs in italics) is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the Global Note or Global Certificate, if applicable, and Part A of the applicable Final Terms, shall be applicable to each Tranche of Notes issued under the Programme and shall be incorporated by reference into each Global Note or Global Certificate. For Notes in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate(s) representing each Series, either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the applicable Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and in either case 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. In addition, the terms and conditions applicable to Global Notes or Global Certificates are modified or supplemented by additional provisions. See “Summary of provisions relating to the Notes while in Global Form” below.*

*All capitalised terms that are not defined in these terms and conditions will have the meanings given to them in Part A of the applicable Final Terms. Part A of the applicable Final Terms (or the relevant provisions thereof) will be endorsed on the Global or definitive Notes or Certificates, as the case may be. References in the terms and conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

*In construing the applicable Final Terms (including, but not, limited to, the application of any Business Day Conventions referred to therein) capitalised terms used in such Final Terms shall have the same meanings given to them in these terms and conditions.*

The Notes are issued pursuant to an amended and restated agency agreement dated 16 December 2011 (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Agency Agreement”) among Canadian Imperial Bank of Commerce (“CIBC”), Deutsche Bank AG, London Branch and Deutsche Bank AG, Hong Kong Branch as fiscal agents and the other agents named therein and with the benefit of an amended and restated Deed of Covenant (the “Deed of Covenant”) dated 17 December 2009 executed by CIBC in relation to the Notes. The fiscal agent, the 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 “Fiscal Agent”, the “Paying Agents” (which expression shall include the Fiscal Agent), the “Registrar”, the “Transfer Agents” and the “Calculation Agent(s)” and together, as the “Agents”. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) appertaining 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 deemed to have notice of and are bound by all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at CIBC’s registered head office at Commerce Court, 199 Bay St., Toronto, Canada M5L 1A2 and at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

The Notes are issued in series (each, a “Series”), and each Series may comprise one or more tranches (“Tranches” and each, a “Tranche”) of Notes. References in these terms and conditions (the “Conditions”), to a Tranche means Notes which are identical in all respects. References in these Conditions to Notes are to Notes of the relevant Series and any references to Coupons and Receipts are to Coupons and Receipts relating to Notes of the relevant Series.

This Note and other Notes issued in the same Tranche as this Note are subject to Part A of the applicable Final Terms for the Tranche (the “Final Terms”), a copy of which (or the relevant provisions thereof) is attached to or endorsed on the Note. The Final Terms supplement these Conditions and may specify other Conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the “applicable Final Terms” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Note.

This Note is a Deposit Note or a Subordinated Note as indicated in the applicable Final Terms.

## 1. Form, Denomination and Title

The Notes are issued in bearer form (“Bearer Notes”, which expression includes Notes that are 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) shown thereon, provided that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive (Directive 2003/71/EC) the minimum Specified Denomination shall not be less than €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes), (ii) in the case of any Notes which are issued pursuant to Rule 144A (“Rule 144A Notes”) under the U.S. Securities Act of 1933, as amended (the “Securities Act”), the minimum Specified Denomination shall not be less than US\$200,000 and (iii) in the case of any Notes which are issued in the form of Registered Notes in definitive form made out in the name of a specific creditor governed by German law (the “Definitive N Registered Notes”) (*Namensschuldverschreibungen*) the minimum denomination shall not be less than €200,000 (or its equivalent in any other currency at the date of issue of the Notes).

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. Registered Notes will not be exchangeable for Bearer Notes.

*So long as the Bearer Notes are represented by a temporary Global Note or permanent Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in the applicable Final Terms and (unless otherwise specified in the applicable Final Terms) higher integral multiples of at least 1,000 in the relevant currency as provided in the applicable Final Terms (the “Integral Amount”), notwithstanding that no definitive Notes will be issued with a denomination above the Definitive Amount in such currency. For purposes of these Conditions, the “Definitive Amount” shall be equal to two times the lowest Specified Denomination minus the Integral Amount.*

*Bearer Notes shall be issued in the new global note form if so specified in the applicable Final Terms.*

This Note may be a Note bearing interest on a fixed rate basis (“Fixed Rate Note”), a Note bearing interest on a floating rate basis (“Floating Rate Note”), a Note issued on a non-interest bearing basis (“Zero Coupon Note”), a Note with respect to which interest is calculated by reference to an index and/or a formula (“Index Linked Interest Note”), a Note with respect to which principal is calculated by reference to an index and/or a formula (“Index Linked Redemption Note”), a Note with respect to which interest is calculated by reference to the level of a commodity index or a basket of such indices, or the price of a single commodity (such as gold, oil, aluminum, copper, lead or wheat) (“Commodity Linked Interest Note”), a Note with respect to which principal is calculated by reference to the level of a commodity index or a basket of such indices, or the price of a single commodity (such as gold, oil, aluminum, copper, lead or wheat) (“Commodity Linked Redemption Note”), a Note with respect to which interest is calculated by reference to a single equity security or a basket of equity securities (an “Equity Linked Interest Note”), a Note with respect to which principal is calculated by reference to a single equity security or a basket of equity securities (an “Equity Linked Redemption Note”), a Note redeemable in instalments (“Instalment Note”), a Note to which principal is subject to the occurrence of a credit event on a specified reference entity(ies) and satisfaction of conditions to settlement is linked to the credit of a specified entity or entities (“Credit Linked Notes”), a Note with respect to which principal and/or interest is payable in one or more Specified Currencies other than the Specified Currency in which it is denominated (“Dual Currency Note”), a Note which is issued on a partly paid basis (“Partly Paid Note”), a variable rate Note whose coupon and value increases as a benchmark interest rate declines (“Inverse Floating Rate Note”), a Fixed/Floating Rate Note, or a combination of any of the foregoing or any other kind of Note, depending upon the Interest Basis and/or Redemption/Payment Basis specified in the applicable Final Terms.

The Notes are denominated in the currency specified in the applicable Final Terms.

### (a) **Bearer Notes**

Bearer Notes are serially numbered and, if so specified in the applicable Final Terms, have attached thereto at the time of their initial delivery Coupons, presentation of which will be a prerequisite to the payment of

interest save in certain circumstances specified herein, and, where so specified in the applicable Final Terms, shall also have attached thereto at the time of their initial delivery a talon for further coupons (a “Talon”) except that in the case of Zero Coupon Notes no Coupons or Talons shall be attached thereto and references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. The expression “Coupons” shall, where the context so requires, include Talons.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery.

**(b) *Registered Notes***

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2, each Certificate shall represent the entire holding of Registered Notes by the same holder. Rule 144A Notes will initially be represented by a permanent restricted global certificate (a “Restricted Global Certificate”). Registered Notes, if specified in the applicable Final Terms, will be issued in the form of one or more Restricted Global Certificates and may be registered in the name of, or in the name of a nominee for, DTC.

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”).

**(c) *Instalment Notes***

Notes, the principal amount of which is repayable by instalments (“Instalment Notes”) in such amounts as may be specified in, or determined in accordance with, the provisions of the applicable Final Terms (each an “Instalment Amount”), have endorsed thereon a grid for recording the repayment of Instalment Amounts or, if so specified in the applicable Final Terms, have attached thereto, at the time of their initial delivery, payment receipts (“Receipts”) in respect of the Instalment Amounts repaid.

**(d) *Holders***

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” or “Holder” 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 herein or in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

For greater certainty, any Note or Certificate delivered or issued by the Issuer pursuant to Condition 2, any permanent Global Note delivered or issued upon an exchange of a temporary Global Note in accordance with the terms thereof and any direct rights arising under the Deed of Covenant shall not constitute new indebtedness but rather shall in each case evidence the same indebtedness of the Issuer evidenced by the prior existing Note or Certificate.

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

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

Subject as provided in Condition 2(f), Notes which are designated in the applicable Final Terms to be Exchangeable Bearer Notes may be exchanged for the same Nominal Amount of Registered Notes at the request in writing of the relevant Noteholder who shall deliver an exchange notice in the form set out in Part B of Schedule 4 to the Agency Agreement to the specified office (which shall in no case be within the United States of America) of the Registrar or any Transfer Agent 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 the Registrar or any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 10(b)) for any payment of interest and prior to the due date for such payment, 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 such other 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.

Prior to the 40th day after the later of the commencement of the offering of the particular Tranche of Notes and the issue date (such period through and including the 40th day, the “Distribution Compliance Period”), transfers by an owner of a beneficial interest in a permanent registered global certificate (an “Unrestricted Global Certificate”) to a transferee who takes delivery of such interest through a Restricted Global Certificate will be made only in accordance with the applicable procedures of The Depository Trust Company (“DTC”) and upon receipt by the Registrar or any Transfer Agent of a written certification from Euroclear Bank S.A./N.V. (“Euroclear”) or Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”) as the case may be (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer (“QIB”) within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any State of the United States or any other jurisdiction and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and/or DTC to be credited and debited, respectively, with an interest in the relevant Global Certificates. This certification will no longer be required after the expiration of the Distribution Compliance Period.

Transfers by an owner of a beneficial interest in a Restricted Global Certificate to a transferee who takes delivery of that interest through an Unrestricted Global Certificate, whether before or after the expiration of the Distribution Compliance Period, will be made only upon receipt by the Registrar or any Transfer Agent of a certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or (if available) Rule 144A under the Securities Act and that, if such transfer is being made prior to the expiration of the Distribution Compliance Period, the interest transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and/or DTC to be credited and debited, respectively, with an interest in the relevant Global Certificates.

Exchanges of beneficial interests in a Global Certificate for interests in another Global Certificate will be subject to the applicable rules and procedures of DTC, Euroclear and/or Clearstream, Luxembourg and their direct and indirect participants. Any beneficial interest in one of the Global Certificates that is transferred to a person who takes delivery in the form of an interest in another Global Certificate will, upon transfer, cease to be an interest in that Global Certificate and become an interest in the Global Certificate to which the beneficial interest is transferred and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in the Global Certificate to which the beneficial interest is transferred for as long as it remains an interest in that Global Certificate.

**(c) *Exercise of Options and Puts or Partial Redemption in Respect of Registered Notes***

In the case of a Call Option or a Put 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 either a Call Option or a Put 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), (b) or (c) 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 5(e)) or 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 Agent the costs of such other method of delivery and/or such insurance as such Holder may specify. In this Condition 2(d), “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, partial redemption or exercise of either a Call Option or Put Option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

**(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 before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d), (iii) after any such Note has been called by the Issuer for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 10(b)(ii)). 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 of Notes***

**(a) *Status of Deposit Notes***

This Condition 3(a) is applicable in relation to Notes specified in the applicable Final Terms as being Deposit Notes. Deposit Notes and the Receipts and Coupons relating to them will constitute deposit liabilities of CIBC for purposes of the *Bank Act* (Canada) and constitute legal, valid and binding unconditional and unsecured obligations of CIBC and will rank pari passu with all deposit liabilities of CIBC (except as otherwise prescribed by law) without any preference amongst themselves. Such Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act*. The deposits evidenced by Deposit Notes have been issued by the branch of CIBC specified as the Branch of Account in the applicable Final Terms (or, if no Branch of Account is specified, by the head office of CIBC in Toronto

which shall be the Branch of Account), such branch being the branch of account for the purposes of the *Bank Act* (Canada).

**(b) *Status of Subordinated Notes***

Notes which are specified in the applicable Final Terms as being Subordinated Notes and the Receipts and Coupons relating to them will be direct unsecured obligations of CIBC constituting subordinated indebtedness for the purposes of the *Bank Act* (Canada) and ranking at least equally and rateably with all subordinated indebtedness of CIBC from time to time issued and outstanding. In the event of the insolvency or winding-up of CIBC, the indebtedness evidenced by subordinated indebtedness issued by CIBC, including Subordinated Notes and the Receipts and Coupons relating to them, will be subordinate in right of payment to the prior payment in full of the deposit liabilities of CIBC and all other liabilities of CIBC except liabilities which by their terms rank in right of payment equally with or are subordinate to indebtedness evidenced by such Subordinated Notes. Subordinated Notes do not constitute deposits of CIBC and will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

**4. *Interest and Other Calculations***

If the Notes are specified in the applicable Final Terms as Index Linked Interest Notes, then the provisions of this Condition 4 are subject to Condition 7. If the Notes are specified in the applicable Final Terms as Equity Linked Interest Notes, then the provisions of this Condition 4 are subject to Condition 8.

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

Each Fixed Rate Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from the Interest Commencement Date at the rate(s) per annum (expressed as a percentage) equal to the Rate(s) of Interest, such interest being payable in arrear on each Interest Payment Date and on the Maturity Date. The amount of interest payable shall be calculated in accordance with Condition 4(i).

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

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

**(i) *Interest Payment Dates***

Each Floating Rate Note, Index Linked Interest Note, Equity Linked Interest Note, Credit Linked Notes and Commodity Linked Interest Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid-up) from and including the Interest Commencement Date at the rate(s) per annum (expressed as a percentage) equal to the Rate(s) of Interest determined in the manner specified herein, such interest being payable in arrear on each Interest Payment Date in each year. Such Interest Payment Date(s) is/are either specified in the applicable Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, "Interest Payment Date" shall mean each date which falls the number of months or other period specified in the applicable 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, subject in each case to adjustment in accordance with the applicable Business Day Convention. The amount of interest payable shall be determined in accordance with Condition 4(i).

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from and including an Interest Payment Date (or the Interest Commencement Date or, if no Interest Commencement Date is indicated in the applicable Final Terms, the Issue Date) to, but excluding, the next (or first) Interest Payment Date and on the Maturity Date).

(ii) *Rate of Interest*

The Rate of Interest in respect of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Commodity Linked Interest Notes shall be determined in the manner specified in the applicable Final Terms and, in the case of Floating Rate Notes, the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate (adjusted as required by Condition 4(h)). 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 an interest rate swap transaction governed by an agreement in the form of an ISDA Agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the applicable Final Terms;
- (y) the Designated Maturity is a period specified in the applicable Final Terms; and
- (z) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the London Interbank Offer Rate (LIBOR) or the Euro-zone Interbank Offer Rate (EURIBOR) for a currency, the first day of that Interest Accrual Period or (II) in any other case, as specified in the applicable Final Terms.

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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined:

- (x) 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 (as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (as set forth in the applicable Final Terms) as at the Relevant Time (as set forth in the applicable Final Terms) on the Interest Determination Date (as defined below) in question as determined by the Calculation Agent (adjusted as required by Condition 4(h)). Unless otherwise specified in the applicable Final Terms 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;

- (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 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 at the Relevant 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 (adjusted as required by Condition 4(h)); 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 offered, at the Relevant Time on the relevant Interest Determination Date, loans 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 the Relevant Time, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent 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, (adjusted as required by Condition 4(h)) 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).

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

**(c) *Interest on Zero Coupon Notes***

As from the Maturity Date, the Rate of Interest for any overdue principal of a Zero Coupon Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(b)(i)(B)).

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

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to 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 applicable Final Terms.



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

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

(f) ***Other Notes***

The Rate(s) of Interest or amount of interest in respect of Notes with other customised interest rate provisions for each Interest Period or Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms and interest will accrue by reference to a price, index, formula and/or set of definitions as specified in the applicable Final Terms. The applicable Final Terms shall specify the dates on which interest shall be payable on such Note and the basis for calculation of each amount of interest payable in respect of such Note on each such date and on any other date on which interest becomes payable in respect of such Note. Interest Amounts may be calculated by reference to such price, index, formula and/or set of definitions as the Issuer and the relevant Dealer(s) agree, such price, index, formula and/or set of definitions to be specified, together with such other supplemental terms and conditions, in the applicable Final Terms.

Wherever Notes with customised provisions relating to payment of principal are issued to bear interest on a fixed or floating rate basis or on a non-interest bearing basis, the provisions in these Conditions relating to Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes, respectively, shall where the context so permits, apply to such other Notes.

(g) ***Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest (if any) shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 11(b)).

(h) ***Margin, Maximum/Minimum Rates of Interest, Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts and Rounding***

- (i) If any Margin is specified in the applicable Final Terms (either (A) generally, or (B) in relation to one or more Interest Periods or Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Periods or Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next two paragraphs.
- (ii) If any Maximum or Minimum Rate of Interest/Amount of Interest, Instalment Amount, Early Redemption Amount or Final Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest, Amount of Interest, Instalment Amount, Early Redemption Amount or Final Redemption Amount shall be subject to such maximum or minimum, as the case may be, subject to the next paragraph. For greater certainty, "Rate of Interest" here means the rate of interest after adjustment for the applicable Margin.
- (iii) In the case of a Rate of Interest/Amount of Interest determined in accordance with Condition 4(b)(ii)(B)(z), where a different Margin or Maximum or Minimum Rate/Amount of Interest is to be applied to the next Interest Period from that which applied to the last preceding Interest Period, the relevant Margin or Maximum or Minimum Rate/Amount of Interest shall be that for the next Interest Period.

(i) ***Calculations***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Period or Interest Accrual Period shall be equal to the product of the Rate of Interest (adjusted as required by Condition 4(h)), the Calculation Amount specified in the applicable Final Terms and the Day Count Fraction for such Interest Period or 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 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, as specified in the applicable Final Terms, 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 the relevant 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.

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest sub-unit of the relevant Specified Currency (with halves being rounded up or otherwise in accordance with applicable market convention), save in the case of Japanese yen (“Yen”), which shall be rounded down to the nearest sub-unit.

For these purposes “sub-unit” means with respect to any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(j) ***Business Day Conventions***

If any date referred to in these Conditions or in the applicable Final Terms 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.

(k) ***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 each such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, determine such rates and calculate the Interest Amounts for the relevant Interest Period or Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quote 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, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, 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 so require, such exchange 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 is subject to adjustment pursuant to Condition 4(j), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quote 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.

**(l) 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 Specified Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for such currency and each other place (if any) specified in the applicable Final Terms as a Business Centre; and/or
- (ii) in the case of euro, a TARGET Business Day and a day on which commercial banks are open for business in each place (if any) specified in the applicable Final Terms as a Business Centre.

“**Calculation Agent**” shall have the meaning specified in the applicable Final Terms.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual (ISDA)” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the 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)” or is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/Actual(ICMA)” is specified in the applicable 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 Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
  - (B) if the Calculation Period is longer than the 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 Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that 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 Interest Payment Dates that would occur

in one calendar year assuming interest was to be payable in respect of the whole of that year where,

- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (v) if “Actual/365 Sterling” is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365, or in the case of an Interest Payment Date falling in a leap year, 366
- (vi) “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

“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;

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

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

where:

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

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

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

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

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

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

- (viii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>1</sub> will be 30;

- (ix) if “30/360 (Fixed)” is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of a year of 360 days consisting of twelve months of 30 days each) divided by 360; and

- (x) if “1/1” is specified in the applicable Final Terms, one.

“**Determination Date**” means such dates as specified in the applicable Final Terms.

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

“**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 by the Treaty on European Union.

**“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 the amount of interest payable per Calculation Amount calculated in accordance with Condition 4(i) or as specified in the applicable Final Terms, and in the case of Fixed Rate Notes, if so specified in the applicable Final Terms, shall mean the Fixed Coupon Amount(s) or Broken Amount(s).

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified in the applicable Final Terms.

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Period or Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such period if the Specified Currency is sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such period if the Specified Currency is euro.

**“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 applicable Final Terms.

**“ISDA Definitions”** means the 2006 ISDA Definitions (unless the 2000 ISDA Definitions are specified in the applicable Final Terms as being applicable), both as published by the International Swaps and Derivatives Association, Inc., as amended, supplemented and updated as at the Issue Date of the first Tranche of Notes, unless otherwise specified in the applicable Final Terms.

**“ISDA Agreement”** means either the 1992 ISDA Master Agreement or the 2002 ISDA Master Agreement (as indicated in the applicable Final Terms), both as published by the International Swaps and Derivatives Association, Inc., as amended, supplemented and updated as at the Issue Date of the first Tranche of Notes, unless otherwise specified in the applicable Final Terms.

**“Nominal Amount”** means the Nominal Amount specified in the applicable Final Terms.

**“Principal Protected”** means the Notes will be redeemed at the Maturity Date at a Final Redemption Amount equal to 100 per cent. of the Calculation Amount. For the avoidance of doubt, the protection of principal does not apply if the Notes are redeemed prior to the stated Maturity Date or sold by an investor prior to the stated Maturity Date.

**“Protection Amount”** means, in respect of a Series to which a Protection Amount is specified as applicable in the applicable Final Terms, that the Final Redemption Amount will, subject to the applicable Final Terms, in no circumstances be repayable at the stated Maturity Date, at less than the Protection Amount specified in the applicable Final Terms. For the avoidance of doubt, the Protection Amount will not apply in the event that Notes are redeemed prior to their stated Maturity Date or upon the occurrence of an early redemption for taxation reasons, an Index Adjustment Event, a Potential Adjustment Event, or an Event of Default.

**“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 Conditions.

**“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 applicable Final Terms.

“**Reference Rate**” means the rate specified as such in the applicable 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 applicable Final Terms, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Reference Rate.

“**Specified Currency**” means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Notes are denominated.

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

“**TARGET Business Day**” means any day on which TARGET2 is open for the settlement of payments in euro.

**(m) 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 applicable Final Terms and for so long as any Note is outstanding. 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 Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount or the 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 appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap, over-the-counter index options, commodities or commodities-related market or exchange) 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.

The determination of each Rate of Interest, Interest Amount, Final Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

**5. Redemption, Purchase and Options**

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

- (i) Unless previously redeemed or purchased and cancelled as provided in this Condition 5, 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 applicable 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 on presentation of the related Receipt, 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 Note (unless it is an Index Linked Redemption Note, Commodity Linked Redemption Note, Equity Linked Redemption Note or a Credit Linked Redemption Note or if otherwise specified in the applicable Final Terms) shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount. The applicable Final Terms may specify the basis for calculation of the amount payable upon redemption under this Condition 5(a), Condition 5(b) or Condition 5(c), or under Condition 6, Condition 7, Condition 8 or Condition 9 upon the Note becoming due and payable as provided in Condition 13 (such amount, the “Redemption Amount”), failing which the Final Redemption Amount of such Note shall be its Nominal Amount.
- (iii) In the case of Reference Item Linked Notes, if Protection Amount is specified as applicable in the applicable Final Terms, the Final Redemption Amount paid on the Maturity Date of such Note shall not be less than the Protection Amount.

**(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 5(c) or upon it becoming due and payable as provided in Condition 13 shall be the Amortised Face Amount (as defined below) of such Note.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be equal to 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 (as specified in the applicable Final Terms or if none is specified in the applicable Final Terms, the Amortisation Yield shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if the Final Redemption Amount were discounted back at such rate from the Maturity Date to the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 13 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 reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date (as defined in Condition 11(b)). The calculation of the Amortised Face Amount in accordance with this subparagraph 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 4(c).

Where any 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 applicable Final Terms.

(ii) *Reference Item Linked Notes*

In the case of an Index Linked Interest Note, an Index Linked Redemption Note, an Equity Linked Interest Note, an Equity Linked Redemption Note, a Commodity Linked Interest Note, a Commodity Linked Redemption Note, a Credit Linked Note or other Reference Item Linked Note, the Early Redemption Amount in respect of each nominal amount of such Notes equal to the



Calculation Amount will be determined by reference to the provisions in the applicable Final Terms.

(iii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than the Notes described in (i) and (ii) above), upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 13 shall be the Final Redemption Amount unless otherwise specified in the applicable Final Terms.

(c) ***Redemption for Taxation Reasons***

Except in the case of Subordinated Notes, which may only be redeemed prior to maturity with the prior consent of the Superintendent of Financial Institutions (Canada), the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note, Index Linked Note, Equity Linked Note, Commodity Linked Note or other Reference Item Linked Note) or at any time (if this Note is not a Floating Rate Note, Index Linked Note, Equity Linked Note, Commodity Linked Note or other Reference Item Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount as described in Condition 5(b) above (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 as a result of any change in, or amendment to, the laws or regulations of Canada or, in the case of Notes issued by CIBC acting through a Branch of Account outside Canada, of the country in which such Branch of Account is located, 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 relevant Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors or senior officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or may become obliged to pay such additional amounts as a result of such change or amendment.

*Note: Prior to issuance of any Reference Item Linked Note the Issuer should obtain an opinion of counsel or otherwise obtain confirmation that the Issuer is not obliged to withhold or deduct amounts from payments of principal or interest on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Canada or, in addition, if CIBC's Branch of Account is located outside Canada, the country in which such Branch of Account is located or any political subdivision or authority therein or thereof having power to tax. Condition 5(c) should not apply if there is any withholding or deduction required under the laws in existence at the time of issuance of the relevant Tranche of the Notes but Condition 5(c) would apply if the Issuer is obliged to withhold or deduct such amounts as a result of a change of law or administrative policy made in Canada (or, if CIBC's Branch of Account is located outside Canada, the country in which such Branch of Account is located) after the date on which agreement is reached to issue the relevant Tranche of the Notes.*

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

If a Call Option is specified as applying in the applicable Final Terms, the Issuer may on giving not less than 10 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) in accordance with Condition 17 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, as specified in the applicable Final Terms, together with interest accrued if any to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, 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 or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements. So long as the Notes are listed on the London Stock Exchange and the rules of that stock exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in London a notice specifying the aggregate Nominal Amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

Any such redemption must relate to Notes of a Nominal Amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

**(e) *Redemption at the Option of Noteholders (other than holders of Subordinated Notes) ("Put Option")***

If a Put Option is specified as applying in the applicable Final Terms, the Issuer shall, at the option of the Holder of any such Note, upon the Holder of such 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 applicable Final Terms) (the "Noteholders Option Period") redeem such Note on the Option Redemption Date(s) at its Optional Redemption Amount, as specified in the applicable Final Terms, 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 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 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 Noteholders' Option Period. No 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.

**(f) *Partly Paid Notes***

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 5 and the provisions specified in the applicable Final Terms.

**(g) *Instalment Notes***

Any Instalment Note will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of definitive Bearer Notes, all instalments (other than the final instalment) will be paid against surrender of the relevant Receipt (which must be presented with the Note to which it appertains) and in the case of the final instalment against surrender of the relevant Note, all as more fully described in Condition 10.

**(h) *Purchases***

The Issuer and any of its Subsidiaries (with the consent of the Superintendent of Financial Institutions (Canada) in the case of Subordinated Notes) may 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.

**(i) Cancellation**

All Notes purchased by or on behalf of the Issuer and 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 Fiscal 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.

For the purposes of these Conditions, “Subsidiary” has the meaning provided in the *Bank Act* (Canada).

**6. Commodity Linked Redemption Notes**

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

**7. Index Linked Notes**

If the Notes are specified as Index Linked Interest Notes and/or Index Linked Redemption Notes in the applicable Final Terms then the provisions of this Condition 7 apply, as applicable, as modified by the applicable Final Terms.

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

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

**(b) Adjustments to an Index**

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

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (a “Successor Index Sponsor”) acceptable to the Calculation Agent or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then, in each case, that index (the “Successor Index”) will be deemed to be the Index.

*(ii) Modification and Cessation of Calculation of an Index*

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

- (A) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the Reference Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the

change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event; or

- (B) give notice to the Noteholders in accordance with Condition 17 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

(iii) *Correction of an Index*

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

(iv) *Notice*

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 17 giving details of the action proposed to be taken in relation thereto.

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

For the purposes of this Condition 7:

“**Disrupted Day**” means:

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

“**Exchange**” means:

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

**“Exchange Business Day”** means:

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

**“Indices”** and **“Index”** mean, subject to adjustment in accordance with Condition 7(b), the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

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

**“Market Disruption Event”** means:

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

(A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or

(ii) in respect of a Designated Multi-Exchange Index either:

(A) the occurrence or existence, in respect of any Component Security, of:

(x) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security;

(y) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security; or

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

the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises 20 per cent. or more of the level of the Index; or

(B) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (A) a Trading Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange, (B) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange or (C) an Early Closure, in each case in respect of such futures or options contracts and which the Calculation Agent determines is material.

As used above:

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

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

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

For the purposes of determining whether a Market Disruption Event in respect of an Index or a Component Security exists at any time, if a Market Disruption Event occurs in respect of a security/commodity included in the Index or such Component Security at that time, then the relevant percentage contribution of that security/commodity or Component Security, as the case may be, to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security/commodity or Component Security, as the case may be, and (ii) the overall level of the Index, in each case either (a) except where the Index is a Designated Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (b) where the Index is a Designated Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market “opening data”.

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

- (i) in the case of a Call Index Linked Redemption Note:
  - (A) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is greater than the Strike Price:  
$$\frac{\text{Reference Price} \times \text{Specified Amount}}{\text{Strike Price}}$$
  - (B) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is equal to or less than the Strike Price:  
$$100 \text{ per cent.} \times \text{Specified Amount; or}$$
- (ii) in the case of a Put Index Linked Redemption Note:
  - (A) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is less than the Strike Price:  
$$100 \text{ per cent.} + \frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount; or}$$
  - (B) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is equal to or greater than the Strike Price:  
$$100 \text{ per cent.} \times \text{Specified Amount,}$$

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

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

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

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

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

“**Scheduled Trading Day**” means:

- (i) where the Index is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or
- (ii) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, (i) any day on which the Index Sponsor is scheduled to publish the level of that Index and (ii) each Related Exchange is scheduled to be open for trading for its regular trading session.

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

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

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

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Index, that Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) that eighth Scheduled Trading Day shall be deemed to be that Valuation Date notwithstanding the fact that such



day is a Disrupted Day and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price by determining the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or

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

“**Valuation Time**” means:

- (i) where the Index is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or
- (ii) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, (i) for the purposes of determining whether a Market Disruption Event has occurred: (A) in respect of a Component Security, the Scheduled Closing Time on the relevant Exchange and (B) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor. If, for the purposes of (i) above, the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## **8. Equity Linked Notes**

If the Notes are specified as Equity Linked Interest Notes and/or Equity Linked Redemption Notes in the applicable Final Terms then the provisions of this Condition 8 apply, as applicable, as modified by the applicable Final Terms.

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

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

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

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

Upon making any such adjustment, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 17, stating the adjustment to the relevant Interest Amount and/or Redemption Amount and/or the Asset Amount, the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

For the purposes of this Condition 8:

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

- (A) a subdivision, consolidation or reclassification of relevant Underlying Equities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equities to existing holders by way of bonus, capitalisation or similar issue;
- (B) a distribution, issue or dividend to existing holders of the relevant Underlying Equities of (1) such Underlying Equities or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of an Equity Issuer equally or proportionately with such payments to holders of such Underlying Equities or (3) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Equity Issuer as a result of a spin-off or other similar transaction or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- (C) an extraordinary dividend as determined by the Calculation Agent;
- (D) a call by an Equity Issuer in respect of relevant Underlying Equities that are not fully paid;
- (E) a repurchase by an Equity Issuer or any of its subsidiaries of relevant Underlying Equities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (F) in respect of an Equity Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Equity Issuer, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (G) any other event that has or may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying Equities.

(ii) If (x) De-listing, Merger Event, Nationalisation and Insolvency is specified as applying in the applicable Final Terms and/or (y) if Tender Offer is specified as applying in the applicable Final Terms and (in the case of (x)), a De-listing, Merger Event, Nationalisation or Insolvency occurs or (in the case of (y)) a Tender Offer occurs, in each case, in relation to an Underlying Equity, the Issuer in its sole and absolute discretion may:

- (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Underlying Equities; or
- (B) give notice to the Noteholders in accordance with Condition 17 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

If the provisions of Condition 8(b)(ii)(A) apply the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Delisting, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon the occurrence (if applicable) of a De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 17 stating the occurrence of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

For the purposes of these Terms and Conditions:

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

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

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

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

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

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

- (iii) If Correction of Share Prices is specified as applying in the applicable Final Terms and the price of an Underlying Equity published on a Valuation Date is subsequently corrected and the correction (the “Corrected Share Price”) is published on the relevant Exchange prior to the Correction Cut-Off Date specified in the applicable Final Terms, then such Corrected Share Price shall be deemed to be the closing price for such

Underlying Equity for that Valuation Date and the Calculation Agent shall use such Corrected Share Price in determining the relevant Interest Amount and/or Redemption Amount.

- (iv) In respect of Equity Linked Notes relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, then the Calculation Agent will adjust any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition 8(b)(iv) will affect the currency denomination of any payments in respect of the Notes.

(c) ***Physical Delivery***

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

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

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

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

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

The delivery of the Asset Amount shall be made in the manner specified in the applicable Final Terms or in such other commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery and shall notify to the Noteholders in accordance with Condition 17.

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

An Asset Transfer Notice must:

- (i) specify the name and address of the relevant Noteholder, any account details required for delivery as set out in the applicable Final Terms and the person from whom the Issuer may obtain details for the delivery of the Asset Amount if such delivery is to be made otherwise than in the manner specified in the applicable Final Terms;
- (ii) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the Maturity Date;
- (iii) include an undertaking to pay all Delivery Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Noteholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Delivery Expenses;
- (iv) specify an account to which any dividends payable pursuant to this Condition 8(c) or any other cash amounts specified in the applicable Final Terms as being payable are to be paid; and
- (v) authorise the production of such notice in any applicable administrative or legal proceedings.

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

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

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

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

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

If, prior to the delivery of the Asset Amount in accordance with this Condition, a Settlement Disruption Event is subsisting, then the Delivery Date in respect of such Note shall be postponed until the date on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant

Noteholder, in accordance with Condition 17. Such Noteholder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Asset Amount pursuant to this paragraph. Where delivery of the Asset Amount has been postponed as provided in this paragraph the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Asset Amount in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the "Election Notice") is given to the Noteholders in accordance with Condition 17. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 17.

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

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

Where the Asset Amount is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Noteholders will receive an Asset Amount comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Noteholder's entire holding may be aggregated at the Issuer's sole and absolute discretion for the purpose of delivering the Asset Amounts), and an amount in the Specified Currency which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole and absolute discretion from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Calculation Agent deems appropriate). Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 17.

For the purposes of this Condition 8(c):

**"Disruption Cash Settlement Price"** means an amount equal to the fair market value of the relevant Note (but not taking into account any interest accrued on such Note as such interest shall be paid pursuant to Conditions 4 and 10) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date that the Election Notice is given as provided above adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any Affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Asset or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion; and

**"Settlement Disruption Event"** means an event beyond the control of the Issuer, as a result of which, in the opinion of the Calculation Agent, delivery of the Asset Amount by or on behalf of the Issuer in accordance with these Conditions and/or the applicable Final Terms is not practicable.

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

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

- (i) subject as provided elsewhere in these Conditions and/or the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Delivery Date in accordance with Condition 8(c); and
- (ii) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Noteholder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date the Failure to Deliver Notice (as defined below) is given to the Noteholders in accordance with Condition 17. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 17. The Issuer shall give notice (such notice a “Failure to Deliver Notice”) as soon as reasonably practicable to the Noteholders in accordance with Condition 17 that the provisions of this Condition 8(d) apply.

In these Conditions:

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

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

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

For the purposes of this Condition 8:

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

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

“**Exchange**” means, in respect of an Underlying Equity, each exchange or quotation system specified as such for such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Exchange).

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

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



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

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

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

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

- (i) in the case of a Call Equity Linked Redemption Note:
  - (A) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Redemption Note in the applicable Final Terms, is greater than the Strike Price:
 
$$\frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount}; \text{ or}$$
  - (B) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Redemption Note in the applicable Final Terms, is equal to or less than the Strike Price:
 
$$100 \text{ per cent.} \times \text{Specified Amount}; \text{ or}$$
- (ii) in the case of a Put Equity Linked Redemption Note
  - (A) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Redemption Note in the applicable Final Terms, is less than the Strike Price:
 
$$100 \text{ per cent.} + \frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount}; \text{ or}$$

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

100 per cent. x Specified Amount,

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

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

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

“**Related Exchange**” means, in relation to an Underlying Equity, each exchange or quotation system specified as such in relation to such Underlying Equity in the applicable Final Terms, any successor to such

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

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

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

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

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

“**Underlying Equities**” and “**Underlying Equity**” mean, subject to adjustment in accordance with Condition 8(b), the equity securities or equity security specified as such in the applicable Final Terms and related expressions shall be construed accordingly.

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

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

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

**9. Additional Disruption Events (applicable to Index Linked Notes, Equity Linked Notes and Commodity Linked Notes only)**

**(a) Additional Disruption Events**

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

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (ii) give notice to the Noteholders in accordance with Condition 17 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 17 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

If the Notes are Commodity Linked Notes and Additional Disruption Events are specified as applicable in the applicable Final Terms, the action to be taken if an Additional Disruption Event occurs will be specified in the applicable Final Terms.

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

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

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

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

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

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

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

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

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

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

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

## 10. **Payments and Talons**

### (a) ***Bearer Notes***

Payments of principal (or, as the case may be, Final Redemption Amounts, Early Redemption Amounts or Optional Redemption Amounts) and interest in respect of Bearer Notes (other than Dual Currency 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 10(f)(v)) or Coupons (in the case of interest, save as specified in Condition 10(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the Specified Currency drawn on, or, at the option of the Holder, by transfer to an account maintained outside the United States denominated in such currency with, a bank in the principal financial centre for that currency or in the case of euro, by transfer to a euro account maintained outside the United States (or any other account to which euro may be credited or transferred) specified by the payee with a bank which has access to TARGET2, or at the option of the payee, by euro cheque.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relevant Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

**(b) Registered Notes**

- (i) Payments of principal (which for the purposes of this Condition 10(b) shall include final Instalment Amounts but not other Instalment Amounts, the Final Redemption Amounts, Early Redemption Amounts or Optional Redemption 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 10(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register (i) in relation to Registered Notes in global form, the first Business Day before the due date for payment thereof or (ii) in relation to Registered Notes in definitive form at the close of business on the 15th day before the due date for payment thereof or (iii) in the case of Registered Notes to be cleared through DTC, on the 15th DTC Business Day before the due date for payment thereof (the “Record Date”). “DTC Business Day” means any day on which DTC is open for business. Payments of interest on each Registered Note shall be made in the Specified Currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of such currency concerned and mailed to the Holder (or to the first named of joint Holders) of such Note at its address appearing in the Register. Upon application by the Holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of that currency.
- (iii) Payments of principal and interest in respect of Registered Notes denominated in U.S. dollars will be made in accordance with Conditions 10(b)(i) and 10(b)(ii). Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. dollars will be made or procured to be made by the Fiscal Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal Agent or its agent to DTC or DTC’s nominee with respect to Registered Notes held by DTC or DTC’s nominee will be received from the Issuer by the Fiscal Agent who will make payments in such Specified Currency by wire transfer of same day funds to, in the case of Notes registered in the name of DTC’s nominee, to such nominee, or otherwise to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC Business Day after the Record Date for the relevant payment of interest and, in the case of payments or principal, at least 12 DTC Business Days prior to the relevant payment date, to receive that payment in such Specified Currency. The Fiscal Agent, after an exchange agent has converted amounts in such Specified Currency into U.S. dollars, will cause such exchange agent to deliver such U.S. dollar amount in same day funds to DTC’s nominee for payment through the DTC settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made.

(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, but without prejudice to the provisions of Condition 11. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Appointment of Agents***

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are indicated in the applicable Final Terms. The Fiscal Agent, the Paying Agents, the Registrar, 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 to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least one major continental European city (which shall be London so long as the Notes are admitted to trading on the Regulated Market and, if the Notes are listed on another stock exchange, in the city where such stock exchange is located), (vi) a Paying Agent with a specified office in a European Union member state that is not obliged to withhold or deduct tax 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 law implementing or complying with, or introduced in order to conform to such Directives and (vii) such other agents as may be required by the rules of any stock exchange on which the Notes may be listed.

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

Notice of any such change in the identity of the Fiscal Agent, other Paying Agent, Registrar, Transfer Agents or Calculation Agent or any change of any specified office of any such persons shall promptly be given to the Noteholders in accordance with Condition 17.

(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 Redemption Notes, Equity Linked Redemption Notes or Commodity Linked Redemption Notes or Notes with customised interest rate provisions and as specified in the applicable Final Terms), the Bearer Note should be surrendered for payment together with all unexpired Coupons (if any) appertaining 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, 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 two years (in the case where the relevant Notes are governed

by Canadian law) or five years (in the case where the relevant Notes are governed by English law) from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 12).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note, Index Linked Redemption Note, Equity Linked Principal Note or Commodity Linked Redemption Note or a Note with customised interest rate provisions and as specified in the applicable Final Terms, unmatured 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 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.
- (iv) Where any Bearer Note that provides that the related unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) 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 (together with, if applicable, unmatured Coupons pursuant to Condition 10(f)(i)). 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.
- (vi) 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.

**(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 Fiscal 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 12).

**(h) Non-Business Days**

Unless otherwise provided in the applicable Final Terms, 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 commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" in the applicable Final Terms and:

- (i) (in the case of a payment in a Specified Currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified 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) *Interpretation of Principal and Interest***

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

- (i) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes;
- (ii) any additional amounts which may be payable with respect to principal under Condition 11(a);
- (iii) all Instalment Amounts (in relation to Notes redeemable in instalments), Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts (in relation to Zero Coupon Notes) and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it the Final Redemption Amount;
- (iv) in relation to Equity Linked Redemption Notes, the Failure to Deliver Settlement Price (if any); and
- (v) in relation to Equity Linked Redemption Notes, the Disruption Cash Settlement Price (if any).

Any reference in these Conditions to “interest” in respect of the Notes shall be deemed to include, as applicable, all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and any additional amounts which may be payable with respect to interest under Condition 11(a).

**(j) *Set-off***

Any payments under or pursuant to the Definitive N Registered Notes shall be made by the Issuer free of set-off and withholding if and to the extent so specified in the applicable Final Terms.

**11. Taxation**

- (a) All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by or on behalf of the Issuer 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 Canada or in addition, if CIBC’s Branch of Account is located outside Canada, the country in which such Branch of Account is located or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the 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:
  - (i) 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 Canada or in addition, if CIBC’s Branch of Account is located outside Canada, the country in which such Branch of Account is located, other than the mere holding of the Note, Receipt or Coupon; or
  - (ii) 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 or paying agent in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or

- (iii) to, or to a third party on behalf of, a Holder in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of the Holder being a person with whom CIBC is not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada)); or
  - (iv) 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 such day, assuming that day to have been a Payment Date; or
  - (v) presented for payment 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 law implementing or complying with, or introduced in order to conform to such Directives; or
  - (vi) (if the Branch of Account is in the United Kingdom and the Notes are not 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; or
  - (vii) where such withholding or deduction is imposed under sections 471 through 1474 of the United States Internal Revenue Code (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof or agreement thereunder.
- (b) 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 relative 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.
- (c) If the Issuer becomes subject generally at any time to any taxing jurisdiction other than or in addition to Canada or the country in which the relevant Branch of Account is located, references in these Conditions to Canada or the country in which the relevant Branch of Account is located shall be read and construed as references to Canada or the country in which such branch is located and/or to such other jurisdiction(s).

## **12. Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons shall be prescribed and become void unless made within two years (in the case where the relevant Notes are governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein), ten years (in the case of claims in respect of principal where the relevant Notes are governed by English or German law) or five years (in the case of claims in respect of interest where the relevant Notes are governed by English or German law) from the appropriate Relevant Date in respect of them.

## **13. Events of Default**

If any of the following events (“Events of Default”) occurs and is continuing, the Holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

- (a) default is made for more than 30 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
- (b) if the Issuer shall become insolvent or bankrupt, or if a liquidator, receiver or receiver and manager of the Issuer or any other officer having similar powers shall be appointed;

provided, however, that in the case of a Subordinated Note, notwithstanding any provision hereof to the contrary, the principal amount of the Subordinated Note will not be paid and may not be required to be paid at any time prior to the relevant maturity date except in the event of the insolvency or winding-up of CIBC.

Upon the occurrence of any Event of Default, a Holder of any Note will not be required to present such Note, demand payment or serve legal process or any similar procedure at the Branch of Account of CIBC which issued such Note.

#### **14. Meetings of Noteholders and Modifications**

##### **(a) *Meetings of Noteholders***

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by one or more 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 one 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 one 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, Early Redemption Amount or Redemption Amount is specified in the applicable Final Terms, to reduce or cancel any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) subject to any applicable redenomination provisions specified in the applicable Final Terms, 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, in which case the necessary quorum shall be one 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.

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

##### **(b) *Modification of Agency Agreement, Notes, Receipts and Coupons***

The Agency Agreement, the Notes and any Receipts and Coupons attached to the Notes may be amended by the Issuer and the Agent without the consent of the holder of any Note, Receipt or Coupon (i) for the purpose of curing any ambiguity, or for curing, correcting or supplementing any defective provision contained therein, or to provide for substitution of the Issuer as provided in Condition 14(c), (ii) to make any further modifications of the terms of the Agency Agreement necessary or desirable to allow for the issuance of any additional Notes (which modifications shall not be materially adverse to holders of outstanding Notes) or (iii) in any manner which the Issuer and the Agent may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, Receipts and Coupons. The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or

proposed breach of or any failure to comply with, the Agency Agreement, the Notes and any Receipts and Coupons attached to the Notes, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) ***Substitution***

The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any company (the “Substitute”) that is a Subsidiary of the Issuer, provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the “Deed Poll”), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder, Couponholder and Receiptholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by CIBC, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and that all action, conditions and things required to be later fulfilled are done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons, Deed of Covenant and any guarantee provided by CIBC represents its valid, legally binding and enforceable obligations have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement in its capacity as Issuer, with any appropriate consequential amendments, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (c) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days’ prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 13 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and the events listed in Condition 13 shall be deemed to include any guarantee provided in connection with such substitution not being (or being claimed not to be) in full force and effect. For the purpose of this Condition 14(c) “Subsidiary” has the meaning provided in the *Bank Act* (Canada).

(d) ***Branch of Account***

CIBC may change the branch designated as the Branch of Account for the deposits evidenced by Deposit Notes for purposes of the *Bank Act* (Canada), upon not less than 14 days’ prior notice to the Noteholders subject to the following terms and conditions:

- (i) if this Note is denominated in Yen, the Branch of Account shall not be in Japan;
- (ii) CIBC shall indemnify each Noteholder, Couponholder and Receiptholder against any tax, duty, assessment or governmental charge that is imposed on it as a consequence of such change, and shall pay the reasonable costs and expenses of the Fiscal Agent in connection with such change; and
- (iii) notwithstanding (ii) above, no change of the Branch of Account may be made unless immediately after giving effect to such change (a) no Event of Default, and no event which, after the giving of notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing and (b) payments of principal and interest on Notes of this Series and Coupons and Receipts relating thereto to Holders thereof

(other than Excluded Holders, as hereinafter defined) shall not, in the opinion of counsel to CIBC, be subject to any taxes, as hereinafter defined, to which they would not have been subject had such change not taken place. For the purposes of this section, an “Excluded Holder” means a Holder of a Note of this Series or Coupon or Receipt relating thereto who is subject to taxes by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of a Note of this Series or Coupon or Receipt as a non-resident of such Relevant Jurisdiction. “Relevant Jurisdiction” means Canada, its provinces or territories and the jurisdiction in which the new Branch of Account is located, and “taxes” means and includes any tax, duty, assessment or other governmental charge imposed or levied in respect of the payment of the principal of the Notes of this Series or interest thereon for or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax.

**15. 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 regulations, at the specified office of the Fiscal 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.

**16. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes or the same in all respects save for the Issue Date and amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

**17. 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 seventh weekday (being a day other than a Saturday or a Sunday) after the date of mailing and shall be published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). 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). The Issuer shall also ensure that notices are duly published in the manner which complies with the rules and regulations of any other stock exchange on which the Notes are, for the time being, listed or other applicable authority to which it is subject. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

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.

**18. Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make

that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

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

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

**20. Governing Law and Jurisdiction**

- (a) Other than in relation to Definitive N Registered Notes, unless otherwise specified in the applicable Final Terms, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Definitive N Registered Notes will be governed by, and shall be construed in accordance with German law, as specified in the applicable Final Terms.
- (b) If specified in the applicable Final Terms, the Deposit Notes, and the Receipts, Coupons, Talons and any non-contractual obligations arising out of or in connection with them, shall be governed by, and shall be construed in accordance with, English law except that the provisions of Condition 3(b) are governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (c) If the governing law for the Deposit Notes or Subordinated Notes and the Receipts, Coupons and Talons relating thereto, is specified as being English law (i) the Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with such Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with such Notes, Receipts, Coupons or Talons ("Proceedings") may be brought in such courts and (ii) the Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Holders of the Notes, Receipts, Coupons and Talons governed by English law and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not). The Issuer irrevocably appoints CIBC World Markets plc of 150 Cheapside, London EC2V 6ET, United Kingdom as its agent in England to receive, for it and on its behalf, service of process in any such Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 17. Nothing shall affect the right to serve process in any manner permitted by law.

**21. Terms and Conditions of Definitive N Registered Notes**

- (a) *Generally.* If in the applicable Final Terms it is specified that Definitive N Registered Notes are issued, then the following terms and conditions shall apply in addition to the terms and conditions set out in Conditions 1 until and including Condition 20 above. In the event of any inconsistency between Conditions 1 until and including Condition 20 and this Condition 21, this Condition 21 will prevail with regard to Definitive N Registered Notes.

- (b) *Interpretation.* For the purposes of this Condition 21, “Holder” means the registered holder of a Definitive N Registered Note. Any reference herein to Holder in plural form shall constitute a reference to Holder in singular form. Any reference herein to Definitive N Registered Notes includes, unless the context otherwise requires, any new Definitive N Registered Note that has been issued upon transfer of a Definitive N Registered Note. With respect to Definitive N Registered Notes, any applicable reference herein to Notes, Definitive Note, or Definitive N Registered Notes in plural form shall constitute a reference to Note, Definitive Note or Definitive N Registered Note in singular form. All grammatical and other changes required by the use of the each singular form shall be deemed to have been made herein and the provisions hereof shall be applied so as to give effect to such change.
- (c) *Currency and Principal Amount.* Definitive N Registered Notes may be issued by the Issuer in a specified currency and in a principal amount as specified in the applicable Final Terms.
- (d) *Form.* Each Definitive N Registered Note will be issued in registered form and signed manually by one authorised signatory of the Issuer and authenticated manually by or on behalf of the Registrar.
- (e) *Payment.* Payment of principal and interest in respect of a Definitive N Registered Note shall be made on the respective due date thereof to the person shown on the Register as Holder of such Definitive N Registered Note at the close of business on the fifteenth (15<sup>th</sup>) calendar day before such date (the “Record Date”). Payments of principal and interest on each Definitive N Registered Note shall be made in the Specified Currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of such currency concerned and mailed to the Holder (or to the first named of joint Holders) of such Note at its address appearing in the Register. Upon application by the Holder to the specified office of the Registrar before the Record Date, such payment of principal and interest may be made by transfer to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of that currency. The Holder shall surrender the Definitive N Registered Certificate to the Issuer upon payment of principal and interest in full.
- (f) *Transfer:*
- (i) Any transfer of the Holder claims evidenced by a Definitive N Registered Certificate and title to a Definitive N Registered Note shall be in the form of an assignment (Abtretung) in written form and registration in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, any applicable Agents and the Registrar shall deem and treat the registered Holder of a Definitive N Registered Note as the absolute Holder thereof and of the rights evidenced thereby for all purposes.
- (ii) The rights of the Holder evidenced by a Definitive N Registered Certificate and title to a Definitive N Registered Note itself may be transferred in whole or in part upon the surrender of a Definitive N Registered Certificate, together with the form of assignment and notification endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of a transfer of a Definitive N Registered Note in whole and upon surrender of the relevant Definitive N Registered Certificate, a new Definitive N Registered Certificate will be issued to the transferee upon request of the transferee. In the case of a transfer of part only of a Definitive N Registered Note and upon surrender of the relevant Definitive N Registered Certificate, a new Definitive N Registered Certificate in respect of the amount transferred will be issued to the transferee and a new Definitive N Registered Certificate in respect of the remaining amount will be issued to the transferor. Any transfer of part only of a Definitive N Registered Note is permitted only for a minimum nominal amount or an integral multiple thereof if so specified in the relevant Final Terms.
- (iii) Each new Definitive N Registered Certificate to be issued upon transfer of a Definitive N Registered Note will, within seven business days (being a day other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the

Registrar) of delivery of such Definitive N Registered Certificate and the duly completed and executed form of assignment and notification, be available for collection at the specified office of the Registrar or, at the request of the Holder making such delivery and as specified in the relevant form of assignment, be mailed at the risk of the new Holder entitled to the new Definitive N Registered Certificate to such address as may be specified in the form of assignment.

- (iv) Transfers will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment (or the giving of such indemnity as may be required from the Issuer, any applicable Agents or the Registrar) in respect of any tax, duty or other charges which may be imposed in relation to it.
- (v) The Holder may not require the transfer of a Definitive N Registered Note to be registered (i) during the period from and including the 15<sup>th</sup> Business Day prior to the due date for any payment of principal (for the purposes of this subparagraph only, the “Due Date”) to, and including, the Due Date, (ii) during the period from and including the 15<sup>th</sup> Business Day prior to any date on which a Definitive N Registered Note may be redeemed at the option of the Issuer (for the purposes of this subparagraph only, the “Redemption Day”) to, and including, the Redemption Day or (iii) after the Definitive N Registered Note has been called for redemption in whole or in part.

(g) *Applicable Law. Place of Jurisdiction. Process Agent.*

Unless otherwise specified in the applicable Final Terms:

- (i) the Definitive N Registered Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law; and
- (ii) the District Court (*Landgericht*) in Frankfurt am Main shall have nonexclusive jurisdiction for any Proceedings arising out of or in connection with the Definitive N Registered Notes.

For any Proceedings before German courts, the Issuer has appointed Wilmington Trust SP Services (Frankfurt) GmbH, as its authorised agent for service of process in Germany.

(h) *Modification of Definitive N Registered Note without Holders' consent:*

- (i) The Issuer may, without the consent of the Holders, correct any manifest, clerical or calculation errors or similar manifest incorrectness in the Conditions (in particular in the Final Terms). A clerical or calculation error or similar incorrectness shall be deemed manifest if a Holder who is well-informed in the relevant type of securities is able to perceive such error, especially when taking into account the issue price and the further factors that determine the value of the Definitive N Registered Notes. Any corrections within the meaning of this paragraph h(i) shall be effective and binding upon notification to the Holders in accordance with Condition 17 (*Notices*).
- (ii) In addition, the Issuer may, without the consent of the Holders, amend or supplement at its reasonable discretion (*billiges Ermessen*, § 315 of the German Civil Code (“**BGB**”)) any contradictory or incomplete provisions of the Conditions, provided that only amendments and supplements which are reasonably acceptable to the Holder having regard to their interests shall be permitted, namely those which do not materially prejudice the interests of the Holders or which when read together with the other information included in the Prospectus and the relevant Final Terms are manifest within the meaning of paragraph (i). Any corrections within the meaning of this paragraph (ii) shall be effective and binding upon notification to the Holders in accordance with Condition 17 (*Notices*).



- (iii) In the event of a correction pursuant to paragraph (i) or an amendment or supplement pursuant to paragraph (ii), that adversely affects a Holder, such Holder may terminate its Definitive N Registered Notes with immediate effect by written termination notice to the Fiscal Agent at any time during the period of six weeks following notification of such correction, amendment or supplement. In the notice pursuant to paragraph (a) or paragraph (b), as applicable, the issuer shall advise the Holder of its potential termination right at the Early Redemption Amount. The termination by the Holder requires the following to be effective:
  - (a) the receipt of a termination notice bearing a legally binding signature and
    - (A) the transfer of the Definitive N Registered Notes to the account of the Fiscal Agent; or
    - (B) the irrevocable instruction to the Fiscal Agent to withdraw the Definitive N Registered Notes from a securities account maintained with the Fiscal Agent (by transfer posting or assignment), in each case within such six-week period,
  - (i) the termination notice must contain the following information:
    - (A) the name of the Holder, as applicable,
    - (B) the designation and number of the Definitive N Registered Notes terminated, and
    - (C) a specification of the bank account to which the Early Redemption Amount shall be credited.

The termination date for the purposes of this paragraph (iii) shall be the day on which the termination notice or the Definitive N Registered Notes is/are received by the Fiscal Agent, whichever occurs later.

- (iv) In addition, the Issuer may call the Definitive N Registered Notes for redemption in whole, but not in part, by giving notice in accordance with Condition 17 (*Notices*) if the conditions for avoidance (*Anfechtung*) pursuant to § 119 *et seq.* BGB are fulfilled in relation to the Holders. The termination date for the purposes of this paragraph (iv) shall be the day on which the notice is given. Notice of termination must be given immediately after the Issuer has gained knowledge of the reason for termination.
- (vi) If an effective termination pursuant to paragraphs (iii) or (iv) has been made, the Issuer will pay the Early Redemption Amount per Definitive N Registered Note to the Holders. The provisions regarding payments shall apply mutatis mutandis to the payment of such Early Redemption Amount. Upon payment of the Early Redemption Amount, all rights arising from the surrendered Definitive N Registered Notes shall be extinguished. The foregoing shall not affect any rights of the Holder to claim damages (*Ersatz eines Vertrauensschadens*) pursuant to § 122 para. 1 BGB unless such claims are excluded due to knowledge or negligent lack of knowledge of the reason of termination on the part of the Holder pursuant to § 122 para. 2 BGB.
- (vii) The provisions of the BGB on the interpretation (*Auslegung*) and avoidance (*Anfechtung*) of declarations of intent shall remain unaffected.

This condition shall be without prejudice to any avoidance rights which a Holder may have under general provisions of law.

(b) *Modification of Definitive N Registered Note with Holders' consent*

The applicable Final Terms will specify whether the provisions of Condition 14(a) or other provisions regarding Noteholder meetings shall apply.