

## PART B - INFORMATION RELATING TO THE NOTES GENERALLY

### TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions applicable to the Notes of each Series, which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms, will be incorporated by reference into each Note in global form and which will be endorsed on the Definitive Notes (if any) issued in exchange for Notes in global form representing each Tranche, details of the relevant Tranche being as set out in the relevant Final Terms. The Final Terms in relation to any Tranche may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace or modify the following terms and conditions for the purpose of such Tranche.*

The Notes are issued by HSBC Bank plc (the "**Issuer**") pursuant to a programme for the issuance of notes (the "**Programme**") established by the Issuer, are constituted by, and have the benefit of, a deed of covenant (the "**Deed of Covenant**") dated 2 August 2007. The Notes also have the benefit of a master note issuance agreement dated 24 February 1999 as modified, supplemented and/or restated on 25 February 2000, 29 March 2001, 18 June 2002, 1 August 2005, 29 June 2006, 2 August 2006 and 2 August 2007 (as further modified and/or amended from time to time, the "**Master Note Issuance Agreement**") and made between the Issuer and HSBC Bank plc as dealer (the "**Dealer**", which expression shall include any successor Dealer specified in the relevant Final Terms) and an issuing and paying agency agreement dated 24 February 1999 as modified, supplemented and/or restated on 25 February 2000, 29 March 2001, 18 June 2002, 1 August 2005, 29 June 2006, 2 August 2006 and 2 August 2007 (as further modified and/or amended from time to time, the "**Issuing and Paying Agency Agreement**") and made between the Issuer, HSBC Bank plc and HSBC France as calculation agents (HSBC Bank plc or, as the case may be, HSBC France being the "**Calculation Agent**" with respect to the Notes if so specified in the relevant Final Terms, which expression includes any successor or other Calculation Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement), HSBC Bank plc or HSBC Bank USA, N.A. as transfer agent (HSBC Bank plc or, as the case may be, HSBC Bank USA, N.A. being the "**Transfer Agent**", which expression shall include any additional or successor or other Transfer Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement), HSBC Bank plc as the principal paying agent (the "**Principal Paying Agent**", which expression shall include any additional or successor or other Principal Paying Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement, and together with any additional paying agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement, the "**Paying Agents**"), HSBC Bank plc as issue agent (the "**Issue Agent**", which expression shall include any additional or successor or other Issue Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement) and HSBC Bank plc or HSBC Bank USA, N.A. as registrar (HSBC Bank plc or, as the case may be, HSBC Bank USA, N.A. being the "**Registrar**", which expression shall include any additional or successor or other Registrar specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement).

All Notes will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Notes issued on different issue dates. Each Tranche will be the subject of final terms ("**Final Terms**"), a copy of which will be attached to or endorsed on or incorporated by reference in each Note of such Tranche. Other than the issue date, the issue price and the date for the first payment of interest, the Notes of each Series will have identical terms and conditions save that a Series may comprise Bearer Notes and Registered Notes and Notes in more than one denomination.

The Notes of each Tranche will have identical terms and conditions save that a Tranche may comprise Bearer Notes and Registered Notes and may comprise of Notes of different denominations.

Copies of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement and the Deed of Covenant are available for inspection by Holders (as defined below) of Notes, and copies of the relevant Final Terms, the Base Prospectus and any supplemental prospectus may be obtained in each case during normal business hours at the specified office of the Issuer and of the Paying Agent in London. The Holders (as defined below) for the time being of Notes (the "**Noteholders**", which expression shall, in the case of Bearer Notes, include reference to the Holders of the Coupons appertaining thereto) and of any coupons (the "**Coupons**") or talons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Master Note Issuance Agreement and the relevant Final Terms which are applicable to them.

Words and expressions defined in the Master Note Issuance Agreement or the Issuing and Paying Agency Agreement or used in the relevant Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and *provided that*, in the event of inconsistency between any of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement and the relevant Final Terms, the relevant Final Terms will prevail.

1. **Form, Denomination and Title**

(a) *Form*

Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") as set out in the relevant Final Terms. Bearer Notes issued in definitive form are referred to as "**Definitive Notes**". Definitive Notes will be serially numbered. In the case of Registered Notes, a certificate will be issued to each Noteholder in respect of its registered holding. Each such certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") maintained by the Registrar in respect of the Registered Notes. No single Tranche or Series of Notes offered in reliance on Rule 144A may include Bearer Notes.

Interest-bearing Definitive Notes will, if so specified in the relevant 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 in certain circumstances specified below. Interest-bearing Definitive Notes will also, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, a Talon for further coupons and the expression "**Coupons**" shall, where the context so permits, include Talons.

Notes the principal amount of which is repayable by instalments ("**Instalment Notes**") which are Definitive Notes will have endorsed thereon a grid for recording the repayment of principal or will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

Notes may be issued on a partly paid basis ("**Partly Paid Notes**") if so specified in the relevant Final Terms and any further or alternative terms applicable thereto (including, without limitations terms concerning payments of additional subscription amounts to be paid by the Noteholder after the Issue Date) shall be as set out in the relevant Final Terms.

(b) *Denomination*

Subject to Condition 9, Bearer Notes will be in the denomination(s) set out in the relevant Final Terms. Bearer Notes of one denomination will not be exchangeable after their initial delivery for Notes of any other denomination. Registered Notes will be in the denomination(s) and multiples set out in the relevant Final Terms.

(c) *Title*

Title to Registered Notes passes by registration in the Register. References herein to the "**Holder**s" of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or such Coupons and references herein to the "**Holder**s" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the Register.

Subject as set out below, title to Bearer Notes will pass by delivery. To the extent permitted by law, the Issuer, the Principal Paying Agent, any other Paying Agents and the Registrar may deem and treat the Holder of any Bearer Note or of any Coupon and the person in whose name any Registered Note is registered (and, if more than one, the first named thereof) as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

(d) *Regulations concerning transfer and registration of Registered Notes*

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Registered Notes scheduled to the Issuing and Paying Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Registrar but without the consent of the Holders of any Notes. A copy of the current Regulations are available for inspection during usual business hours at the specified office of the Registrar and the Transfer Agents.

(e) *Rule 144A Legend*

Upon the transfer, exchange or replacement of Registered Notes bearing the private placement legend (the "**Rule 144A Legend**") for the purpose of Rule 144A under the Securities Act set forth in the form of Registered Note, the Registrar shall deliver only Registered Notes that also bear such legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered Notes are not "restricted securities" within the meaning of Rule 144 under the Securities Act.

(f) *Bearer Notes issued in reliance on TEFRA D*

Bearer Notes, and their Coupons, issued in reliance on TEFRA D will bear the following legend "Any United States person who holds this obligation will be subject to the limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."

2. **Status**

The Notes are direct, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and, at their date of issue, (save for certain obligations required to be preferred by law) with all other unsecured and unsubordinated obligations of the Issuer for the time being outstanding.

3. **Interest on Fixed Rate Notes**

Notes bearing interest at a fixed rate (each a "**Fixed Rate Note**") will bear interest on the principal amount (or, in the case of Partly Paid Notes, the principal amount paid up in respect thereof) of each Note as at its date of issue (less, in the case of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with the following paragraph) at the applicable fixed rate or rates per annum specified in the relevant Final Terms as the rates of interest (each a "**Rate of Interest**") from the date specified in the relevant Final Terms as the interest commencement date (the "**Interest Commencement Date**"). Interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms (each a "**Fixed Interest Payment Date**") and on the Maturity Date (as defined in Condition 6(a)). The first payment of interest will be made on the first Fixed Interest Payment Date following the Interest Commencement Date.

Interest will cease to accrue on each Fixed Rate Note on the due date for redemption thereof (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount, as defined in Condition 6) unless, upon due presentation thereof or, in the case of a Registered Note, upon such due date, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which, in the case of a Bearer Note, upon further presentation thereof, payment in full of the principal amount due in respect of such Fixed Rate Note is made or (if earlier) the date upon which notice is duly given to the Holder of such Fixed Rate Note that sufficient funds for payment of the principal amount due in respect of it, together with accrued interest, have been received by the Principal Paying Agent or, in the case of a Registered Note, the date on which payment in full is made.

In respect of Fixed Rate Notes, the basis on which interest is calculated is as set out in the relevant Final Terms.

4. **Interest on Floating Rate Notes**

(a) *Accrual of Interest*

Notes bearing interest at a floating rate (each a "**Floating Rate Note**") bear interest on the principal amount (or, in the case of Partly Paid Notes, the principal amount paid up in respect thereof) of each Note as at its date of issue (less, in the case of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with the following paragraph) from the Interest Commencement Date specified in the relevant Final Terms.

Interest will cease to accrue on each Floating Rate Note on the due date for redemption thereof (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless, upon due presentation thereof or, in the case of a Registered Note, upon such due date, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which, in the case of a Bearer Note, upon further presentation

thereof, payment in full of the principal amount due in respect of such Note is made or (if earlier) the date upon which notice is duly given to the Holder of such Note that sufficient funds for payment of the principal amount due in respect of it, together with accrued interest, have been received by the Principal Paying Agent or, in the case of a Registered Note, the date on which payment in full is made.

In respect of Floating Rate Notes, the basis on which interest is calculated is as set out in the relevant Final Terms.

(b) *Interest Payment Dates and Interest Periods*

Interest on each Floating Rate Note will be payable in arrear on such dates as are specified in the relevant Final Terms for such purpose and on the due date for redemption of such Note (each, an "**Interest Payment Date**") *provided that*, unless otherwise set out in the relevant Final Terms, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next Business Day unless it would thereby fall in the next calendar month, in which event the Interest Payment Date shall be the immediately preceding Business Day. The first payment of interest will be made on the first Interest Payment Date following the Interest Commencement Date.

The period from (and including) the Interest Commencement Date up to (but excluding) the first Interest Payment Date and each period thereafter from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date is referred to herein as an "**Interest Period**" and the expression "**Business Day**", as used in this Condition 4, shall mean a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place(s) specified for this purpose in the relevant Final Terms and, in the case of Notes denominated in, or in respect of which interest is payable in, (i) euro, a day which is a Euro Business Day (as defined in Condition 9) or (ii) any other currency, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres of the country of such currency (or where such currency is a National Currency Unit (as defined in Condition 21(i)) and the Notes have been redenominated into euro pursuant to Condition 9, the former principal financial centres or centres).

(c) *Rate of Interest*

The rate at which Floating Rate Notes will bear interest (the "**Rate of Interest**") shall be determined by the Calculation Agent, in its sole and absolute discretion, on the basis of the following provisions:

- (i) the Rate of Interest in respect of an Interest Period shall, subject as provided below, be the Relevant Rate of the Benchmark (as defined below) (where such Relevant Rate is a composite quotation or interest rate per annum or is customarily supplied by one entity) or the arithmetic mean rounded upwards, if necessary, to the nearest 0.00001 per cent. of the Relevant Rates of the Benchmark for the Interest Period which appear on the appropriate page of the Reuters Screen, or such other information vending service as may be set out in the relevant Final Terms (the "**Relevant Screen Page**") as at 11.00 a.m. (London time) or such other time as may be specified in the relevant Final Terms on the Interest Determination Date (as defined below) plus or minus (as appropriate) the percentage rate per annum (if any) over or under the Relevant Rate

or, as the case may be, the arithmetic mean of the Relevant Rates of the Benchmark by which the Rate of Interest is to be determined as set out in the relevant Final Terms (the "**Margin**"), all as determined by the Calculation Agent in its sole and absolute discretion;

- (ii) if the Reuters Screen, or such other information vending service as may be set out in the relevant Final Terms does not contain an appropriate page in respect of the Specified Currency (as defined in Condition 18), or if fewer than two of the Relevant Rates appear at such time (other than where such Relevant Rate is a composite quotation or rate or is customarily supplied by one entity), or if the rates which appear as at such time do not apply to a period of a duration equal to the relevant Interest Period, the Rate of Interest for such Interest Period shall be the Fallback Rate as set out in (iii) below plus or minus, as applicable, the applicable margin;
- (iii) to determine the "**Fallback Rate**" the circumstances set out in (ii) above, the Calculation Agent will:
  - (A) where the specified currency is euro:
    - (1) request the principal Euro-zone office of each of five major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in euro are offered by it at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date to prime banks in the Euro-zone interbank market for a period equal to the relevant Interest Period in an amount that is representative for a single transaction in that market at that time; and
    - (2) discard the highest and lowest quotation and determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such remaining quotations. If fewer than three such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro-zone interbank market, selected by the Calculation Agent, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in euro to leading Euro-zone banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at the time.
  - (B) in any other case:
    - (1) request appropriate quotations and will determine the arithmetic mean of the rate at which deposits in the specified currency are offered by three major banks (or, if fewer than three rates are so quoted, two major banks, or, if fewer than two rates are quoted, one major bank) in the London interbank market, selected by the Calculation Agent, at approximately 11.00 a.m. London time on the Interest Determination Date in respect of the relevant Interest Period to prime banks in the London interbank market for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time.

- (iv) if ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (A) The Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (B) The Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
  - (C) The relevant Reset Date (as defined in the ISDA Definitions) is either (1) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (2) in any other case, as specified in the relevant Final Terms.
- (v) In this Condition 4(c) and in Condition 4(d) below only:
- (A) the "**Benchmark**" means LIBOR or such other benchmark as may be set out in the relevant Final Terms;
  - (B) "**Calculation Amount**" has the meaning given to it in its Final Terms;
  - (C) "**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in the relevant Final Terms and:
    - (1) if "**Actual/Actual (ICMA)**" is so specified, means:
      - (AA) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
      - (BB) where the Calculation Period is longer than one Regular Period, the sum of:
        - (i) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
        - (ii) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

for this purpose, "**Regular Period**" means each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls;

- (2) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
  - (3) if "**30/360**" is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
  - (4) if any other day count fraction is specified in the relevant Final Terms, it should have the meaning given to such day count fraction in the ISDA Definitions, unless otherwise specified in the relevant Final Terms;
- (D) "**Relevant Rate**" means:
- (1) an offered rate in the case of a Note the Benchmark for which relates to an offered rate; or
  - (2) a bid rate in the case of a Note the Benchmark for which relates to a bid rate; or
  - (3) the mean of an offered and bid rate in the case of a Note the Benchmark for which relates to the mean of an offered and bid rate, as set out in the relevant Final Terms;
- (E) the expression "**Interest Determination Date**" means the day determined by the Calculation Agent, in its sole and absolute discretion, to be customary for fixing the Benchmark rate applicable to deposits in the relevant currency for the relevant Interest Period; *provided that* where so specified in the relevant Final Terms, such day shall be a day (i) if such currency is euro, which is a Euro Business Day (as defined in Condition 9), and (ii) if such currency is any other currency, on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres of the country of such currency (or where such currency is a National Currency Unit (as defined in Condition 21(i)) and the Notes have been redenominated into euro pursuant to Condition 9, the former principal financial centres or centres); and
- (F) the expression "the appropriate page of the Reuters Screen" means such page, whatever its designation, on which the Benchmark rates for deposits in the relevant currency of prime banks are for the time being displayed on the Reuters Money 3000 Service (or on such other page as may replace such page



on the relevant service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates for deposits in the relevant currency).

(d) *Determination of Rate of Interest and Calculation of Interest Amount*

The Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) or such other time as may be set out in the relevant Final Terms on each Interest Determination Date, determine, in its sole and absolute discretion, the Rate of Interest and calculate the amount of interest payable in respect of each denomination of the relevant Floating Rate Notes (the "**Interest Amount**") for the relevant Interest Period.

The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount (or, in the case of a Partly Paid Note, the portion of the Calculation Amount which corresponds to principal amount paid up in respect thereof) of the relevant Note of each denomination, multiplying the product by the Day Count Fraction set out in the relevant Final Terms and rounding the resulting figure to the nearest applicable sub-unit of the currency in which such Note is denominated or, as the case may be, in which such interest is payable (one half of any such sub-unit being rounded upwards) and, in relation to each denomination of Note, multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

(e) *Notification of Rate of Interest and Interest Amount*

The Calculation Agent will cause the Rate of Interest, the Interest Amount(s) for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Principal Paying Agent, and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and, for as long as any of such Notes are represented by a Global Note, Euroclear and/or Clearstream, Luxembourg and/or such other clearing system or depository as may be set out in the relevant Final Terms as soon as possible after the determination thereof but in any event no later than the fourth Business Day thereafter. In respect of Floating Rate Notes which are Definitive Notes, the Calculation Agent will give notice to the Noteholders of the Rate of Interest, the Interest Amount(s) and the relevant Interest Payment Date in accordance with the provisions of Condition 13. The Interest Amount(s) and the Interest Payment Date so notified in respect of any Notes may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the relevant Interest Period. Any such amendment will be promptly notified to each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation.

(f) *Certificates, etc. to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of this Condition 4 shall (in the absence of manifest error) be binding on the Issuer, the Paying Agents, (where appropriate) the Registrar and the Noteholders. No Holder of Notes or of Coupons appertaining thereto shall be entitled to proceed against the Calculation Agent, the Paying Agents, the Registrar or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder.

5. **Variable Coupon Amount Notes and Zero Coupon Notes**

In the case of Notes which bear interest at a variable rate or rates ("**Variable Coupon Amount Notes**"), the dates on which interest shall be payable and the method of calculation of the interest payable (including the formula or other method of calculating the interest payable) on each such date shall be as set out in the relevant Final Terms.

If any amount in respect of any Note which is non-interest bearing (a "**Zero Coupon Note**") is not paid when due, interest shall accrue on the overdue amount at a rate determined in accordance with the provisions of the relevant Final Terms.

6. **Redemption and Purchase**

(a) *At Maturity*

Unless previously redeemed or purchased and cancelled, and subject as otherwise set out in the relevant Final Terms, each Note will be redeemed by the Issuer at an amount (the "**Final Redemption Amount**") as determined by the Issuer in its sole and absolute discretion and as calculated in accordance with the formula or other means specified in the relevant Final Terms, where applicable, in the relevant Specified Currency (as defined in Condition 18) on the date specified in the relevant Final Terms as the scheduled date on which such Note is to be redeemed (the "**Maturity Date**") (or, in the case of Instalment Notes, in such number of instalments and in such amounts ("**Instalment Amounts**") as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms), in accordance with the provisions set out in the relevant Final Terms.

(b) *Redemption for Taxation Reasons*

If the Issuer satisfies the Principal Paying Agent immediately prior to the giving of the notice referred to below that, in respect of a Series of Notes:

- (i) on a subsequent date for the payment of interest on such Series of Notes the Issuer would be required to pay any additional amounts in accordance with the provisions of Condition 7; or
- (ii) if the Issuer were to seek to redeem such Notes (for which purpose no regard shall be had to whether or not the Issuer would otherwise be entitled to redeem such Notes), the Issuer would (notwithstanding its having made such endeavours as the Principal Paying Agent shall determine, in its sole and absolute discretion, to be reasonable) be required to pay any additional amounts in accordance with the provisions of Condition 7;

the Issuer may, having given not less than 30 nor more than 45 days' notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the Noteholders in respect of such Series of Notes, redeem all, but not some only, of such Notes, at their Early Redemption Amount as determined by the Issuer in its sole and absolute discretion and calculated in accordance with the formula or other means specified in the relevant Final Terms together with interest accrued and unpaid, if any, to the date fixed for redemption *provided that* no such notice of redemption shall be given earlier than 90 days (or in the case of Floating Rate Notes or Variable Coupon Amount Notes a number of days which is equal to the lesser of the aggregate of the number of days in the then current Interest Period plus 60 days and 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.

The Issuer may exercise such option in respect of any Note notwithstanding the prior exercise by the Holder thereof or the Issuer of their respective options to require the redemption of such Note under paragraph (d) and (c) respectively, below, if the due date for redemption under this paragraph (b) would occur prior to that under paragraph (d) and (c), respectively, but not otherwise and, in such circumstances, the exercise of the option under paragraph (d) and (c), respectively shall be rendered ineffective.

Subject only to the obligation of the Issuer to use such endeavours as aforesaid, it shall be sufficient to establish the circumstances required to be established pursuant to this Condition 6(b) if the Issuer shall deliver to the Principal Paying Agent a certificate of an independent legal adviser or accountant satisfactory to the Principal Paying Agent to the effect either that such a circumstance does exist or that, upon a change in or amendment to the laws (including any regulations pursuant thereto), or in the interpretation or administration thereof, the United Kingdom, which at the date of such certificate is proposed and in the opinion of such legal adviser or accountant is reasonably expected to become effective on or prior to the date on which the relevant payment of principal or interest in respect of the Notes would otherwise be made, becoming so effective, such circumstances would exist.

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

Where the Notes are specified in the relevant Final Terms as being redeemable at the option of the Issuer, the Issuer may at any time (in the case of Fixed Rate Notes or Zero Coupon Notes), on any Interest Payment Date (in the case of Floating Rate Notes or Variable Coupon Amount Notes) or otherwise as set out in the relevant Final Terms, having given not less than 5 nor more than 30 days' notice (or such other notice period as may be specified in the relevant Final Terms) to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount as determined by the Issuer in its sole and absolute discretion and as calculated in accordance with the formula or other means specified in the relevant Final Terms, together with interest accrued but unpaid thereon to the date fixed for redemption.

Where a Minimum Redemption Amount and/or a Maximum Redemption Amount is specified in the relevant Final Terms the Optional Redemption Amount shall not be less than the Minimum Redemption Amount and shall not be more than the Maximum Redemption Amount.

If the Notes of a Series are to be redeemed in part only on any date in accordance with this paragraph (c):

- (i) in the case of Bearer Notes (other than a Note which is a temporary global Note or a permanent global Note), the Notes to be redeemed shall be drawn by lot in such European city as the Principal Paying Agent may specify, or identified in such other manner or in such other place as the Principal Paying Agent may approve and deem appropriate and fair, subject to the rules and procedures of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") (such redemption to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion); and

- (ii) in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, provided always that the amount redeemed in respect of each Note shall be equal to the minimum denomination thereof or an appropriate multiple thereof,

subject always to compliance with all applicable laws and the requirements of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 12 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(d) *Redemption at the Option of the Noteholder*

Where the Notes are specified in the relevant Final Terms as being redeemable at the option of Noteholders, then where a Noteholder has given:

- (i) not less than 15 nor more than 30 days' notice to the Issuer in accordance with Condition 13; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Issue Agent,

(which notices shall be irrevocable), the Issuer shall, following receipt of such notice from the Noteholder and confirmation from the Issue Agent that it has been duly notified, redeem, subject to any terms specified in the relevant Final Terms, so many of the Notes in respect of which such Noteholder has exercised such option as are outstanding on the Optional Redemption Date and at the Optional Redemption Amount as determined by the Issuer in its sole and absolute discretion as calculated in accordance with the formula or other means specified in the relevant Final Terms, together with interest accrued but unpaid thereon to the date fixed for redemption.

Where a Minimum Redemption Amount and/or a Maximum Redemption Amount is specified in the relevant Final Terms, the Optional Redemption Amount shall not be less than the Minimum Redemption Amount and shall not be more than the Maximum Redemption Amount.

In order for any such notice given by a Noteholder to be effective, the Noteholder shall, on or prior to the date on which such notice is given, deposit the Note or Notes in respect of which such notice is given (together, in the case of an interest-bearing Definitive Note, with any unmatured Coupons appertaining thereto) with, in the case of a Bearer Note, any Paying Agent, or, in the case of a Registered Note, the Registrar together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar. The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 6(b) or (c).

(e) *Purchases*

Each of the Issuer and any person directly or indirectly connected with the Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer cancelled.

(f) *Cancellation*

All Notes which are redeemed pursuant to paragraph (a), (b), (c) or (d) of this Condition 6 shall, and the all Notes purchased pursuant to paragraph (e) of this Condition 6 may, at the option of the Issuer, be cancelled forthwith (together with, in the case of Definitive Notes, all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). All Notes redeemed or purchased and cancelled as aforesaid may not be re-issued or resold.

(g) *Zero Coupon Notes*

Where Zero Coupon Notes are redeemed by the Issuer prior to the Maturity Date, they shall be redeemed at a redemption amount determined in accordance with the provisions set out in the relevant Final Terms.

(h) *Force Majeure*

The Issuer shall have the right to terminate its obligations under the Notes, if the Calculation Agent shall have determined in its absolute discretion, that the performance of such obligations shall have become unlawful or impracticable in whole or in part, in particular as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power. In such circumstances the Notes shall be redeemable at the option of the Issuer in accordance with Condition 6(c) even if Condition 6(c) is specified as "not applicable" in the relevant Final Terms.

(i) *Other Redemption Provisions*

The relevant Final Terms may provide for other circumstances in which Notes may or shall be redeemed, the amount payable on such redemption in respect of principal only, principal and interest or interest only and whether or not Notes so redeemed shall or may be cancelled pursuant to paragraph (f) of this Condition 6.

(j) *Definitions*

As used in these Conditions:

**"Optional Redemption Date"** means such date on which the Notes are being redeemed pursuant to Condition 6(c) or Condition 6(d).

**"Optional Redemption Amount"** means such amount as determined by the Issuer in its sole and absolute discretion and as calculated in accordance with the formula or other means specified in the relevant Final Terms, pursuant to Condition 6(c) or 6(d).

7. **Taxation**

Except as otherwise set out in the relevant Final Terms, all payments by the Issuer of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature, present or future, as are imposed or levied by or on behalf of the United Kingdom unless the Issuer is required by law to withhold or deduct any such taxes, duties, assessments or governmental charges.

In the event that the Issuer is so required by law to withhold or deduct, it will pay such additional amounts as may be necessary in order that the net amounts received by the

Noteholders or Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes and/or, as the case may be, Coupons, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) to, or to a third party on behalf of, a Holder of a Note or Coupon who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom or any other relevant jurisdiction, other than the mere holding of such Note or Coupon; or
- (b) unless it is proved, in the case of Bearer Notes, to the satisfaction of the Principal Paying Agent or the Paying Agent to whom the same is presented, or, in the case of Registered Notes, to the satisfaction of the Registrar, that the Holder is unable to avoid such withholding or deduction by satisfying any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authorities or by notifying (and/or presenting evidence of such notification to) any tax authorities of such payment of principal or interest or by presenting the relevant Note or Coupon at the specified office of another Paying Agent; or
- (c) more than 30 days after the Relevant Date (defined below) except, in the case of Bearer Notes, to the extent that the Holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (d) in the case of Registered Notes, unless it is proved to the satisfaction of the Registrar that the Holder, immediately upon becoming the Holder, (i) was eligible for the benefits of a tax treaty with the United Kingdom or any other relevant jurisdiction that provides for a complete exemption from withholding taxes on payments under the Notes, or (ii) was otherwise entitled to a complete exemption from withholding taxes on payments under the Notes; or
- (e) 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 Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) to, or to a third party on behalf of, a Holder who is not the sole beneficial owner of the Note or any Coupon, or a portion of either, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due but, in the case of Bearer Notes, if the full amount of the money payable has not been received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given to the relevant Holders in accordance with Condition 13.

Any reference in these Conditions to principal or interest or both in respect of the relevant Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under this Condition 7;
- (ii) the principal amount payable on the relevant Notes on the Maturity Date;
- (iii) the principal amount payable on redemption of the relevant Notes prior to such Maturity Date; and
- (iv) any premium and any other amounts which may be payable under or in respect of the relevant Notes.

**8. Payments**

(a) *Bearer Notes*

Payments of principal and interest (if any) in respect of Bearer Notes will (subject as provided below) be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Note or, in the case of payments of interest, surrender of the relevant Coupon at the specified office of any Paying Agent outside the United States (subject to the next paragraph). No payments on Bearer Notes will be made by mail to an address in the United States or by transfer to an account maintained by the holder in the United States.

Payments of amounts due in respect of interest on Bearer Notes and exchanges of Talons for Coupon sheets will not be made at the specified office of any Paying Agent in the United States or its possessions (as defined in the U.S. Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law, in which case the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

If the due date for payment of any amount due in respect of any Bearer Note is not both a Relevant Financial Centre Day and a local banking day (each as defined below), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Conditions 3, 4 or 5, as appropriate.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Note which is a Definitive Note with Receipts will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt.

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 appertain will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relative 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.

Upon the due date for redemption of any Definitive Note other than a Fixed Rate Note all unmatured Coupons and Talons (if any) relating to such Definitive Note (whether or not attached) shall become void and no payment shall be made in respect of them.

Definitive Notes which are Fixed Rate Notes should be presented for payment with all unmatured Coupons appertaining thereto, failing which the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, that portion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of ten years from the Relevant Date (as defined in Condition 7) for the payment of such principal, whether or not such Coupon has become void pursuant to Condition 11 or, if later, five years from the date on which such Coupon would have become due.

Notwithstanding the above, if any Definitive Notes should be issued with a Maturity Date and an interest rate or rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that the amount required to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall, in its sole and absolute discretion, determine which unmatured Coupons are to become void, and shall select, in its sole and absolute discretion, for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

Upon any Definitive Notes becoming due and repayable prior to their Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside the United States (save as provided above) in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 11 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.

If (otherwise than by reason of the application of the above) the due date for redemption of any Bearer Note is not the due date for the payment of a Coupon appertaining thereto, interest accrued in respect of such Note from (and including) the last preceding due date for the payment of a Coupon (or from the Issue Date or the Interest Commencement Date, as the case may be) will be paid only against surrender of such Bearer Note and all unmatured Coupons appertaining thereto.

(b) *Registered Notes*

Payment of the amount due on final redemption (the "**Redemption Amount**") in respect of Registered Notes will be made against presentation and, save in the case of partial payment of



the Redemption Amount, surrender of the relevant Note Certificate at the specified office of the Registrar or of the Transfer Agent. If the due date for payment of the Redemption Amount of any Registered Note is not both a Relevant Financial Centre Day and a local banking day (each as defined below), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 3, 4, or 5, as appropriate.

Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the Register at the close of business (local time in the place of the specified office of the Registrar) on the fifteenth day prior to the due date for such payment (the "**Record Date**").

Payment will be made in the currency in which such amount is due either by cheque posted to the Noteholder's registered address (or, in the case of joint Holders, the first-named) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar or to the Transfer Agent and the Registrar or, as the case may be, the Transfer Agent has acknowledged such application for payment to be made to a designated account denominated in the relevant Specified Currency (as defined in Condition 18), in each case as specified in paragraph (c) below.

(c) *General Provisions*

The following provisions apply to both Bearer Notes and Registered Notes. Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the relevant Specified Currency (as defined in Condition 18) either by cheque or, at the option of the payee, by transfer to an account in the relevant Specified Currency specified by the payee other than, for payments in respect of Bearer Notes, any such account in the United States.

Payments and deliveries will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

For the purposes of these Conditions:

- (i) "**Relevant Financial Centre Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres for the currency in which payment falls to be made (or, where such currency is a National Currency Unit (as defined in Condition 21(i)) and the Notes have been redenominated into euro pursuant to Condition 9, the former principal financial centres or centres) and in any other place set out in the Final Terms. In the case of payments which fall to be made in euro (save for payments in relation to Notes which have been redenominated into euro pursuant to Condition 9), a Euro Business Day;
- (ii) "**local banking day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the city in which the Principal Paying

Agent, the Paying Agent, or the Registrar or the Transfer Agent to which the relevant Note or Coupon is presented for payment is located; and

- (iii) "ISDA Definitions" means the 2006 ISDA Definitions (as amended and supplemented as at the date of issue of the first Tranche of the Notes of the relevant Series), as published by the International Swaps and Derivatives Association, Inc.

Without prejudice to the generality of the foregoing, the Issuer reserves the right to require any person receiving payment of principal or, as the case may be, payment of interest with respect to any Note or Coupon to provide a Paying Agent with such certification or information as may be required to enable the Issuer or any parent or holding company of the Issuer or any subsidiary of any such parent or holding company to comply with the requirements of the U.S. Federal Income Tax laws or such other laws as the Issuer or any such parent or holding company or subsidiary thereof may be required to comply with.

Any amount payable with respect to a Note shall be rounded to the nearest applicable sub-unit of the currency in which such amount is payable (one half of any such sub-unit being rounded upwards).

9. **Redenomination**

(a) *General*

Where redenomination is specified in the relevant Final Terms as being applicable, and in respect of Notes denominated in a National Currency Unit (as defined in Condition 21(i)), the Issuer may, without the consent of the Noteholders, upon giving at least 30 days' prior notice to the Noteholders in accordance with Condition 13, designate a Redenomination Date.

With effect from the Redenomination Date:

- (i) each Note shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated into such amount of euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency (as defined in Condition 18), converted into euro at the rate for the conversion of the relevant Specified Currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to roundings in accordance with EC regulations); *provided, however, that* if the Issuer determines, with the agreement of the Principal Paying Agent, then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;
- (ii) if Notes are in definitive form:
- (A) all unmatured Coupons denominated in the relevant Specified Currency (whether or not attached to the Notes) will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes and Coupons

denominated in euro are available for exchange (*provided that* such Notes and Coupons are available) and no payments will be made in respect thereof;

- (B) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 9(a)(ii) shall remain in full force and effect; and
  - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the relevant Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice;
- (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the relevant Specified Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro, as though references in the Notes to the Specified Currency were to euro. Such payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Communities; and;
  - (iv) such other changes will be made to the terms and conditions of the Notes as the Issuer may decide, with the prior approval of the Principal Paying Agent, to conform such Notes to conventions then applicable to Notes denominated in euro. Any such other changes will not take effect until after it has been notified to the Noteholders in accordance with Condition 13.

Neither the Issuer nor the Principal Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of euro or any currency conversion or rounding effected in connection therewith.

(b) *Interest*

Following redenomination of the Notes pursuant to (a) above:

- (i) where Notes are in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (ii) in respect of Fixed Rate Notes where interest is payable annually, any interest required to be calculated for a period of less than one year in respect of the Notes shall be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (a) the number of those days falling in a leap year divided by 366 and (b) the number of those days falling in a non-leap year divided by 365); *provided, however, that* if the Issuer determines, with the agreement of the Principal Paying Agent, that the market practice in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, and each listing

authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendment;

- (iii) in respect of Fixed Rate Notes where interest is payable quarterly or semi-annually, the amount of interest payable in respect of each Note on any Fixed Interest Payment Date shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by four or two (as the case may be) and rounding the figure down to the nearest euro 0.01. If interest is required to be calculated for any other period, it shall be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (a) the number of those days falling in a leap year divided by 366 and (b) the number of those days falling in a non-leap year divided by 365); *provided, however, that* if the Issuer determines, with the agreement of the Principal Paying Agent, that the market practice in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendment;
- (iv) in respect of Floating Rate Notes, the Interest Amount payable in respect of the Notes for each Interest Period will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during the Interest Period, multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure down to the nearest euro 0.01; and
- (v) in respect of Floating Rate Notes, the Rate of Interest for any subsequent Interest Period shall be determined by the Calculation Agent on the basis of provisions which it determines, in its sole and absolute discretion, reflects the market practice in respect of internationally offered euro denominated securities.

(c) *Definitions*

As used in these Conditions:

"**Euro Business Day**" or "**TARGET Business Day**" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Redenomination Date**" means a date (being, in the case of interest-bearing Notes, a date on which interest in respect of such Notes is payable) which:

- (i) is specified by the Issuer in the notice given to the Noteholders pursuant to Condition 9(a); and
- (ii) falls on or after such date as the country of the Specified Currency (as defined in Condition 18) becomes a Participating Member State (as defined in Condition 21(i)).

"**Treaty**" means the Treaty establishing the European Communities, as amended by the Treaty on European Union.

10. **Events of Default**

If any one or more of the following events (each an "**Event of Default**") shall occur in relation to a Series of Notes:

- (a) there is a default for more than fourteen days in the repayment of any principal due on the Notes of such Series or any of them or in the payment of any interest due in respect of the Notes of such Series or any of them, *provided that* it shall not be such a default to withhold or refuse any such payment (1) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment or (2) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given at any time during the said period of fourteen days by independent legal advisers acceptable to the Principal Paying Agent as to such validity or applicability; or
- (b) an order is made or an effective resolution is passed for the winding up of the Issuer in England (otherwise than in connection with a scheme of reconstruction or amalgamation the terms of which shall previously have been approved in writing by an Extraordinary Resolution of the Holders of the relevant Series of Notes),

then any Noteholder may, by written notice to the Issuer, effective upon the date of receipt thereof by the Issuer (such date the "**Early Redemption Date**"), declare the Note held by the Holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount, as specified in the relevant Final Terms, without presentment, demand, protest or other notice of any kind.

11. **Prescription**

Notes and Coupons will become void unless presented for payment within a period of ten years and five years, respectively, from the Relevant Date (as defined in Condition 7) in respect thereof. Any monies paid by the Issuer to the Principal Paying Agent for the payment of the principal or interest in respect of any Notes or Coupons and remaining unclaimed when such Notes or Coupons become void will then revert to the Issuer and all liability of the Principal Paying Agent with respect thereto will thereupon cease.

There shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 11 or Condition 8.

12. **Replacement, Exchange and Transfer**

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

Upon the terms and subject to the conditions set out in the Issuing and Paying Agency Agreement and the relevant Final Terms, a Registered Note may be exchanged for a Registered Note or Notes of equal aggregate principal amount in such different authorised denominations as

may be requested by the Noteholder by surrender of such Registered Note at the specified office of the Registrar or of the Transfer Agent, together with a written request for the exchange.

Upon the terms and subject to the conditions set out in the Issuing and Paying Agency Agreement, a Registered Note, in definitive form, may be transferred in whole or in part only (*provided that* such part is, or is an appropriate multiple of, the minimum denomination set out in the Final Terms) by the Holder or Holders surrendering the Registered Note for registration of transfer at the specified office of the Registrar or the Transfer Agent, duly endorsed by, or accompanied by a written instrument to transfer in form satisfactory to the Issuer and the Registrar or the Transfer Agent, duly executed by the Holder or Holders thereof or his or their attorney duly authorised in writing. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

If so set out in the relevant Final Terms, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Issuing and Paying Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Principal Paying Agent or of the Registrar or the Transfer Agent, together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined below) where the exchange date would, but for the provisions of this paragraph, occur between the Record Date (as defined in Condition 8(b)) for such payment of interest and the date on which such payment of interest fall due.

Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for delivery at the specified office of the Registrar or the Transfer Agent, or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder.

As used herein:

- (a) "**Relevant Banking Day**" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Principal Paying Agent or the Transfer Agent, in the place where the specified office of the Principal Paying Agent or, as the case may be, the Transfer Agent is located;
- (b) the "**exchange date**" shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with the foregoing provision; and
- (c) the "**transfer date**" shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with the foregoing provisions.

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions, except for the expenses of delivery by other than regular mail or insurance charges that may be imposed in relation hereto, shall be borne by the Issuer.

The Registrar or the Transfer Agent, as the case may be, shall not be required to register the transfer of or exchange Registered Notes for a period of 15 days preceding the due date for any payment of principal of or interest in respect of such Notes.

13. **Notices**

(a) *Notices to Noteholders*

All notices to the Holders of Notes or the Coupons appertaining thereto will be valid: (i) if published, in the case of Bearer Notes and Coupons, in one leading daily newspaper with circulation in London (which is expected to be the *Financial Times* or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe; (ii) in the case of Registered Notes, if mailed to their registered addresses (as advised by the Registrar) or to that of the first named of them in the case of joint Holders; *provided that*, in each case, in the case of Notes admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system the rules of such listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation have been complied with. Any such notice shall be deemed to have been given on the date of such publication or delivery or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

Holders of any Coupons appertaining to Bearer Notes will be deemed for all purposes to have notice of the contents of any notice given to the Holders of such Bearer Notes in accordance herewith.

(b) *Notices from Noteholders*

Notices given by any Noteholder shall be in writing and given by lodging the same, together with relevant Note or Notes (if applicable), with the Principal Paying Agent or other Paying Agent or with the Registrar (as the case may be) at its specified office.

14. **Paying Agents, Calculation Agents, Issue Agents, Transfer Agents and Registrars**

(a) The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Calculation Agents, the initial Issue Agent, the initial Transfer Agent, the initial Registrar and their respective initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent, Calculation Agent, Issue Agent, Transfer Agent or Registrar and/or approve any change in the specified office through which any Paying Agent, Calculation Agent, Issue Agent, Transfer Agent or Registrar acts, *provided that*:

(i) so long as any Series of Notes have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, there will at all times be, in relation to such Series, a Paying Agent (in the case of a Series wholly or partly in the form of Bearer Notes), and a Transfer Agent and a Registrar (in the case of a Series wholly or partly in the form of Registered Notes), each with a specified office in such place as may be required

by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation;

- (ii) so long as any Bearer Notes are outstanding, there will at all times be a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000;
  - (iii) so long as any Bearer Notes are outstanding, there will at all times be a Principal Paying Agent; and
  - (iv) so long as any Registered Notes are outstanding, there will at all times be a Registrar and a Transfer Agent.
- (b) In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the second paragraph of Condition 8(a). Any variation, termination, appointment or change shall only take effect (other than in the case of an insolvency, when it shall be of immediate effect) after notice has been given to the Noteholders in accordance with Condition 13.

#### 15. Meetings of Noteholders, Modification and Substitution

The Master Note Issuance Agreement contains provisions for convening meetings of the Holders of the Notes of any Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or any of the provisions of the Master Note Issuance Agreement. Such a meeting may be convened by the Issuer or by Holders of the Notes of any Series holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders of the Notes of any Series whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including modifying the date of maturity of the Notes, reducing or cancelling the amount of principal payable in respect of the Notes or altering the currency of payment of the Notes), the quorum shall be one or more persons holding or representing not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing a clear majority, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders of the Notes of any Series shall be binding on all the Noteholders, whether or not they are present at the meeting.

The Issue Agent and the Issuer may agree, without the consent of the Noteholders, to:

- (a) any modification (except as mentioned above) of the Master Note Issuance Agreement or the Conditions which is not materially prejudicial to the interests of the Noteholders as a whole; or
- (b) any modification of the Notes or the Master Note Issuance Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply



with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or

- (c) any modification of the Notes which is made to correct an inconsistency between the final terms and conditions of the Note issue (comprising these Conditions as amended or supplemented by the relevant Final Terms) and the relevant term sheet relating to the Notes.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

The Issue Agent and the Issuer may also agree, without the consent of the Noteholders, to the substitution of any holding company of the Issuer or any wholly-owned, direct or indirect subsidiary of HSBC Holdings plc (the "**New Issuer**") in place of the Issuer as principal debtor under the Notes of any Series and in each case the Coupons appertaining thereto (if any), *provided that* the New Issuer shall assume all obligations of the Issuer in relation to the Noteholders under or in relation to such Notes. In the event of any such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer. Any such substitution shall be promptly notified to the relevant Noteholders in accordance with Condition 13. In connection with such right of substitution the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Noteholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Noteholder.

16. **Provision of Information**

The Issuer shall, during any period in which it is not subject to and in compliance with the periodic reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any Holder of a Note which is a "restricted security" within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933 (the "**Securities Act**") or to any prospective purchaser of such securities designated by such Holder, upon the written request of such Holder or (as the case may be) prospective Holder addressed to the Issuer and delivered to the Issuer or to the specified office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

17. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders of Notes of any Series or Holders of the Coupons appertaining thereto (if any) to create and issue further notes ranking equally in all respects (or in all respect save as specified in the relevant Final Terms) with the Notes of such Series so that the same shall be consolidated and form a single series with such Notes for the time being outstanding.

18. **Definitions**

As used in these Conditions, the following expressions shall have the following meanings:

"**Business Day Convention**" has the meaning ascribed thereto in the ISDA Definitions.

"**Clearing System**" means, in relation to a Series of Notes, Euroclear, Clearstream, Luxembourg, DTC and/or any other clearing system located outside the United States specified in the relevant Final Terms in which Notes of the relevant Series are for the time being held, or, in relation to an individual Note, in which that Note is for the time being held.

"**Clearstream, Luxembourg**" means Clearstream Banking, Société anonyme, Luxembourg.

"**Euroclear**" means Euroclear Bank S.A./N.V.

"**DTC**" means the Depository Trust Company.

"**Final Redemption Amount**" has the meaning ascribed thereto in Condition 6(a).

"**Following Business Day Convention**" has the meaning ascribed thereto in the ISDA Definitions.

"**Option**" has the meaning ascribed thereto in the relevant Final Terms.

"**Registered Noteholders**" means the persons for the time being and from time to time registered as holders of the Notes (including each person who is for the time being and from time to time entitled to be registered as a holder).

"**Specified Currency**" has the meaning ascribed thereto in the relevant Final Terms.

19. **Third Party Rights**

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

20. **Governing Law**

(a) *Governing law*

The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law.

(b) *English courts*

The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Notes.

**PART C - WARRANTS****TERMS AND CONDITIONS OF THE WARRANTS**

*The following are the terms and conditions of the Warrants which (subject to completion and minor amendment) will be applicable to each Series of Warrants, provided that the relevant Final Terms in relation to any Warrants may supplement these terms and conditions and/or may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace the following terms and conditions for the purposes of such Warrants.*

This Warrant is one of a series (each, a "**Series**") of warrants (the "**Warrants**") issued by HSBC Bank plc in its capacity as issuer (the "**Issuer**") pursuant to a warrant agency agreement 24 February 1999 as modified, supplemented and/or restated on 3 March 2000, 10 April 2001, 18 June 2002, 1 August 2005 and 2 August 2007 (as further modified and/or amended from time to time, the "**Warrant Agency Agreement**") made between the Issuer, HSBC Bank plc and HSBC France in their capacity as calculation agents (each a "**Calculation Agent**", which expression shall include any successor calculation agent appointed in accordance with the Warrant Agency Agreement or, in respect of any Series of Warrants, such other calculation agent as may be specified in the relevant Final Terms (as defined below), HSBC Bank plc as principal warrant agent (the "**Principal Warrant Agent**", which expression includes any successor or substitute principal warrant agent appointed in accordance with the Warrant Agency Agreement, and together with any additional warrant agent specified in the relevant Final Terms or appointed pursuant to the Warrant Agency Agreement, the "**Warrant Agents**") and HSBC Bank plc in its capacity as authentication agent (the "**Authentication Agent**", which expression includes any successor or substitute authentication agent appointed in accordance with the Warrant Agency Agreement) and HSBC Bank USA, N.A. as warrant transfer agent (the "**Warrant Transfer Agent**", which expression includes any successor or substitute warrant transfer agent appointed in accordance with the Warrant Agency Agreement) and HSBC Bank USA, N.A. as warrant registrar (the "**Warrant Registrar**", which expression includes any additional or successor or substitute or other warrant registrar specified in the relevant Final Terms appointed in accordance with the Warrant Agency Agreement. The Warrants also have the benefit of a master warrant issuance agreement dated 24 February 1999 as modified, supplemented and/or restated on 3 March 2000, 10 April 2001, 18 June 2002, 1 August 2005 and 2 August 2007 (as further modified and/or amended from time to time, the "**Master Warrant Issuance Agreement**") and made between the Issuer and HSBC Bank plc as manager (the "**Manager**", which expression shall include any successor Manager specified in the relevant Final Terms). As used herein, the expression "**Warrant Agents**" shall include the Principal Warrant Agent and any other warrant agents appointed in accordance with the Warrant Agency Agreement. The following terms and conditions (the "**Conditions**") include brief summaries of, and are subject to, certain provisions of the Warrant Agency Agreement, a copy of which will be available for inspection at the specified office of the Principal Warrant Agent. The Warrantholders (as defined in Condition 1) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions (including the form of Exercise Notice referred to in Condition 4) of the Warrant Agency Agreement.

Each Series of Warrants may comprise one or more tranches ("**Tranches**" and each, the "**Tranche**") of Warrants. Each Tranche will be the subject of Final Terms hereto (each, the "**Final Terms**"), a copy of which will, in the case of a Tranche in relation to which application has been made to list on the gilt-edged and fixed interest market of the London Stock Exchange (the "**London Stock Exchange**"), be lodged with the London Stock Exchange and will be available at the specified office of each of the Warrant Agents. The Warrants may also be admitted to trading on the professional securities market. In the case of a Tranche of Warrants in relation to which application has not been made to list on the

London Stock Exchange or for admission to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available to a Holder (as defined in Condition 1) of such Warrants.

References in the Conditions to Warrants are to the Warrants of the relevant Series and references to the Issuer, a Warrant Agent, the Calculation Agent, any Holder or the Warrantholders are to those persons in relation to the Warrants of the relevant Series. Capitalised terms used but not defined in these Conditions will have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Warrants of the relevant Series.

As used in these Conditions and in relation to any Series of Warrants, subject as otherwise provided herein:

"**Bloomberg**" means Bloomberg L.P.

"**Business Day**" means, unless otherwise specified in the relevant Final Terms, a day (other than a Saturday or a Sunday) on which banks are open for business and carrying on foreign exchange transactions in London and the principal financial centre of the Settlement Currency and on which the relevant Clearing System is open for business.

"**Calculation Agent**" means with respect to a Series of Warrants, the entity specified as such in the relevant Final Terms, being either HSBC Bank plc or HSBC France.

"**Call Warrant**" means a Warrant entitling, but not obligating, the Warrantholder upon exercise (i) to receive the relevant Cash Settlement Amount or (ii) to purchase the relevant Securities, in each case subject to and in accordance with these Conditions.

"**Cash Settlement**" has the meaning ascribed thereto in Condition 3.

"**Cash Settlement Amount**" has the meaning ascribed thereto in Condition 3.

"**Cash Settlement Payment Date**" has the meaning ascribed thereto in the relevant Final Terms.

"**CEA**" means the United States Commodity Exchange Act, as amended.

"**Clearing System**" means Euroclear, Clearstream, Luxembourg, DTC and/or any other clearing system specified in the relevant Final Terms in which Warrants of the relevant Series are held, or in relation to an individual Warrant, that Warrant is held, for the time being.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme, Luxembourg.

"**Conversion**" means, in respect of any Securities, any irreversible conversion by the Underlying Company of such Securities into other securities.

"**Currency Business Day**" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant currency.

"**Determination Date**" means a day on which the Issuer notifies the Clearing System that it has elected for Physical Settlement or Cash Settlement in accordance with Condition 4(d), as specified in the relevant Final Terms.

"**Delivery Disruption Event**" means, as determined by the Calculation Agent in its sole and absolute discretion, the failure by the Issuer to deliver or to procure delivery on the relevant Settlement Date of

any relevant Securities under the relevant Warrant which is due to illiquidity in the market for such Securities.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Euro**", "**euro**" "**EUR**", "**€**" each mean the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "**Treaty**").

"**Exercise Date**" means, in respect of any Warrant, the day on which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of Condition 4(a) *provided that*:

- (i) if the Exercise Notice is delivered (A) on any day which is not a Business Day or (B) after 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on any Business Day, then, in either such case, the Exercise Date shall be the next succeeding day which is a Business Day; and
- (ii) the Exercise Date may not be later than the Expiry Date.

"**Exercise Notice**" means any notice in the form scheduled to the Warrant Agency Agreement or such other form as may from time to time be agreed by the Issuer and the Principal Warrant Agent which is delivered by a Warrantholder in accordance with Condition 4(a).

"**Exercise Period**" means the period beginning on (and including) such date as may be specified in the relevant Final Terms and ending on (and including) the Expiry Date.

"**Expiry Date**" has the meaning ascribed thereto in the relevant Final Terms.

"**Government Bonds**" means, in relation to a Series of Warrants, bonds or any other debt securities issued by a government, government agency or subdivision or a transnational or supranational organisation as specified in the relevant Final Terms and "**Government Bond**" shall be construed accordingly.

"**Holder**" has the meaning ascribed thereto in Condition 1.

"**Issue Date**" has the meaning ascribed thereto in Condition 1.

"**Minimum Exercise Number**" has the meaning ascribed thereto in Condition 5.

"**New Issuer**" has the meaning ascribed thereto in Condition 14.

"**Permitted Multiple**" has the meaning ascribed thereto in Condition 5.

"**Physical Settlement**" has the meaning ascribed thereto in Condition 3.

"**Put Warrant**" means a Warrant entitling, but not obligating, the Warrantholder upon exercise to receive the relevant Cash Settlement Amount subject to and in accordance with these Conditions.

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**Settlement Currency**" has the meaning ascribed thereto in Condition 3.

"**Settlement Price**" has the meaning ascribed thereto in the relevant Final Terms.

"**Strike Price**" has the meaning ascribed thereto in the relevant Final Terms.

"**Strike Price Payment Date**" has the meaning ascribed thereto in the relevant Final Terms.

"**Taxes**" has the meaning ascribed thereto in Condition 4(a)(vii).

"**Transfer Expenses**" means with respect to any Warrants, all stamp, transfer, registration and similar duties and all expenses, scrip fees, levies and registration charges payable on or in respect of or arising on, or in connection with, the purchase or transfer, delivery or other disposition by the transferor to the order of the relevant Warrantholders of any Securities.

"**Warrantholder**" has the meaning ascribed thereto in Condition 1.

## 1. **Form and Transfer**

### (a) *Form*

Each Tranche of Warrants will be (unless so specified in the relevant Final Terms) either, if not offered in reliance on Rule 144A, in bearer form ("**Bearer Warrants**") and be represented by a global warrant (the "**Global Warrant**") or, if and only if offered in reliance on Rule 144A, in registered form ("**Registered Warrants**"). The Global Warrant will be deposited on the issue date (the "**Issue Date**") specified in the relevant Final Terms with a common depository for the relevant Clearing System(s). Warrants in definitive bearer form will be issued only if so specified in the relevant Final Terms. In the case of Registered Warrants, a certificate will be issued to each Warrantholder in respect of its registered holding. Each such certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") maintained by the Warrant Registrar in respect of the Registered Warrants. No Single Tranche or Series of Warrants offered in reliance on Rule 144A may include Bearer Warrants. In the case of the Bearer Warrants, the person for the time being appearing in the books of the relevant Clearing System(s) as the holder of a Warrant shall be treated for all purposes by the Issuer, the Warrant Agent, the relevant Clearing System(s) and all other persons dealing with such person as the holder thereof (a "**Warrantholder**" or a "**Holder**") and as the person entitled to exercise the rights represented thereby, notwithstanding any notice to the contrary, except that (i) Euroclear shall not be treated as the Holder of any Warrant held in an account with Clearstream, Luxembourg on behalf of Euroclear's accountholders and (ii) Clearstream, Luxembourg shall not be treated as the Holder of any Warrant held in an account with Euroclear on behalf of Clearstream, Luxembourg's accountholders. In the case of Registered Warrants, the person for the time being in whose name such Registered Warrant is so registered in the Register shall be treated for all purposes by the Issuer, the Warrant Agent, the relevant Clearing System(s) and all other persons dealing with such person as the holder thereof (a "**Warrantholder**" or a "**Holder**")

### (b) *Transfer*

All transactions in (including transfers of) Bearer Warrants, in the open market or otherwise, shall be effected only through the Clearing System(s) in which the Bearer Warrants to be transferred are held or are to be held. Title to the Bearer Warrants shall pass upon registration of the transfer in accordance with the rules and procedures for the time being of the relevant Clearing System(s). Title to Registered Warrants pass by registration in the Register.

The Warrants have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the securities issued upon their exercise may not be registered under the Securities Act. The Warrants may not be offered, sold, pledged or otherwise transferred in the United States or to U.S. persons (both as defined in Regulation S) except in a transaction that is exempt from the registration requirements of the Securities Act and in compliance with any applicable U.S. state securities laws. Accordingly the Warrants may be offered

and sold (i) in the United States, to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act ("**Rule 144A**") or (ii) outside the United States, in accordance with Regulation S and the applicable laws of the jurisdiction(s) in which such offers and sales occur. The Warrants may not be exercised by or on behalf of a U.S. person unless registered under the Securities Act or an exemption from such registration is available. The terms "United States" and "U.S. person" used in this paragraph have the meaning given to them in Regulation S.

Transfers of the Warrants may be conditional upon delivery of certain certifications and are subject to significant restrictions as described under "Purchase and Sale of Warrants," including the right of the Issuer to refuse the recognition of transfers of the Warrants. Exercise of a Warrant offered in reliance on Regulation S will be conditional upon delivery of certain certifications as described under "Purchase and Sale of Warrants."

(c) *Regulations concerning transfer and registration of Registered Warrants*

All transfers of Registered Warrants and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Registered Warrants scheduled to the Warrant Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Registrar but without the consent of the Holders of any Notes. A copy of the current Regulations are available for inspection during usual business hours at the specified office of the Registrar and the Transfer Agents.

(d) *Rule 144A Legend*

Upon the transfer, exchange or replacement of Registered Warrants bearing the private placement legend (the "**Rule 144A Legend**") for the purpose of Rule 144A under the Securities Act set forth in the form of Registered Warrant, the Registrar shall deliver only Registered Warrants that also bear such legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered Warrants are not "restricted securities" within the meaning of Rule 144 under the Securities Act.

**2. Status of the Warrants**

The Warrants of each Series constitute direct unsubordinated, unconditional and unsecured obligations of the Issuer and rank pari passu and without any preference among themselves and, at their date of issue, with all other unsecured and unsubordinated obligations of the Issuer (other than any such obligations preferred by law).

**3. Rights on Exercise**

(a) *"American Style" Exercise*

If the Warrants are specified in the relevant Final Terms as being American Style Warrants, then this Condition 3(a) is applicable and the Warrants are exercisable on any Business Day during the Exercise Period, subject to Condition 3(h) and prior to termination of the Warrants as provided in Conditions 6 and 10.

(b) *"European Style" Exercise*

If the Warrants are specified in the relevant Final Terms as being European Style Warrants, then this Condition 3(b) is applicable and the Warrants are exercisable only on the Expiry Date, or if that is not a Business Day, the next succeeding or preceding Business Day as specified in the relevant Final Terms, subject to Condition 3(h) and prior to termination of the Warrants as provided in Conditions 6 and 10.

(c) *"Bermudan Style" Exercise*

If the Warrants are specified in the relevant Final Terms as being Bermudan Style Warrants, then this Condition 3(c) is applicable and the Warrants are exercisable on each date as specified in the Final Terms (each a "Potential Exercise Date") and on the Expiry Date, or if each such date is not a Business Day, the next succeeding or preceding Business Day as Specified in the relevant Final Terms, subject to Condition 3(h) and prior to termination of the Warrants as provided in Conditions 6 and 10.

(d) *Cash Settlement*

If the Warrants are specified in the relevant Final Terms as being Cash Settlement Warrants, then, subject to Condition 3(f) if applicable, each such Warrant, upon exercise, entitles the Holder thereof to receive from the Issuer on the Cash Settlement Payment Date (as specified in the relevant Final Terms) an amount ("**Cash Settlement**") calculated in accordance with the relevant Final Terms (the "**Cash Settlement Amount**") in the currency (the "**Settlement Currency**") specified in the relevant Final Terms. The Cash Settlement Amount will be rounded down to the nearest minimum unit of the Settlement Currency, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate Cash Settlement Amount payable in respect of such Warrants.

(e) *Physical Settlement*

If the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants, then, subject to Condition 3(g) if applicable, upon the exercise of a Warrant by a Warrantholder:

- (i) in the case of a Call Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the credit of the Securities to which such Warrant relates to the account with the relevant Clearing System specified, or as may otherwise be specified, for that purpose by the Warrantholder in the relevant Exercise Notice, following payment by the Warrantholder to or to the order of the Issuer on or before the Strike Price Payment Date of the Strike Price; and
- (ii) in the case of a Put Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the credit of the Strike Price in respect of the Warrant so exercised to the account with the relevant Clearing System specified, or as may otherwise be specified for that purpose by the Warrantholder in the relevant Exercise Notice, following the debit of the relevant Securities to which such Warrant relates to the account of the Warrantholder with the relevant Clearing System and the credit thereof to the account of the Principal Warrant Agent (in favour of the Issuer) as aforesaid on or before the Settlement Date in respect of such Warrant;

("Physical Settlement") all as more fully described in Condition 4. In each case, the number of Securities so debited and credited will be rounded down to the nearest whole number of such Securities that may be separately transferred, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate number of Securities applicable.

(f) *Optional Physical Settlement*



If this Condition 3(f) is specified in the relevant Final Terms as being applicable, then, upon the exercise of a Warrant by a Warrantholder, the Issuer may elect Physical Settlement in accordance with Condition 3(e) instead of Cash Settlement in accordance with Condition 3(d). The Warrants do not confer on the Holder any right to acquire Securities and the Issuer is not obliged to purchase or hold Securities. By exercising a Warrant, the Warrantholder shall be deemed to have agreed to such form of settlement as the Issuer shall elect.

(g) *Optional Cash Settlement*

If this Condition 3(g) is specified in the relevant Final Terms as being applicable, then, upon the exercise of a Warrant by a Warrantholder, the Issuer may elect Cash Settlement in accordance with Condition 3(d) instead of Physical Settlement in accordance with Condition 3(e). By exercising a Warrant, the Warrantholder shall be deemed to have agreed to such form of settlement as the Issuer shall elect.

(h) *Warrants Void on Expiry*

Warrants with respect to which an Exercise Notice has not been duly completed and delivered to the relevant Clearing System and to the Principal Warrant Agent, in the manner set out in Condition 4, before 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on the Expiry Date, shall become void.

(i) *Settlement within the United States*

Notwithstanding the foregoing, with respect to any Warrants that re Physical Settlement Warrants, no cash, securities or other property shall be delivered in the United States (as this term is defined in Regulation S) in connection with the settlement of such Warrants unless the holder thereof shall have delivered any required Certifications (including an Exercise Notice) and other documentation (which may include legal opinions) in conjunction with any Exercise of such Warrants.

**4. Exercise Procedure**

(a) *Exercise Notice*

Subject to prior termination of the Warrants as provided in Condition 8, Warrants may be exercised on the Exercise Date by the sending of a tested fax confirmed in writing of a duly completed Exercise Notice (copies of which may be obtained from the relevant Clearing System, or the Principal Warrant Agent) to (i) the relevant agent and (ii) the Principal Warrant Agent, not later than 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located):

- (A) in the case of Warrants specified in the relevant Final Terms as being American Style Warrants, on any Business Day during the Exercise Period;
- (B) in the case of Warrants specified in the relevant Final Terms as being European Style Warrants, on the Expiry Date, subject to Condition 3(b); or
- (C) in the case of Warrants specified in the relevant Final Terms as being Bermudan Style Warrants, on a Potential Exercise Date, and/or the Expiry Date, subject to Condition 3(c).

Subject to Condition 3(h), any Exercise Notice delivered after 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised) shall (a) in the case of European Style Warrants and Bermudan Style Warrants, be null and void and (b) in the case of American Style Warrants, be deemed to have been delivered on the next succeeding Business Day.

Each Exercise Notice shall:

- (i) specify the name, address, telephone, facsimile and telex details of the Warrantholder in respect of the Warrants being exercised;
- (ii) specify the number of Warrants of each Tranche being exercised (which must be not less than the Minimum Exercise Number (as defined in Condition 5));
- (iii) specify the number of the Warrantholder's account at the relevant Clearing System to be debited with the Warrants being exercised and irrevocably instruct, or, as the case may be, confirm that the Warrantholder has irrevocably instructed, the relevant Clearing System to debit the Warrantholder's account with the Warrants being exercised and to credit the same to the account of the Principal Warrant Agent;
- (iv) where applicable, specify the number of the Warrantholder's account at the relevant Clearing System to be credited with the Cash Settlement Amount for the Warrants being exercised;
- (v) (A) in the case of Warrants offered and sold in reliance on Regulation S, certify that each person exercising such Warrants is not a U.S. person, that such Warrants are not beneficially owned by or on behalf of U.S. persons or persons within the United States, that such Warrants are not being exercised within the U.S. or by or on behalf of U.S. persons or persons within the United States, and that no cash, securities or other property have been or will be delivered within the United States or to or for the account or benefit of a U.S. person in connection with the exercise of the Warrants and authorize the production of such certification in applicable administrative or legal proceedings (the terms "United States" and "U.S. person" used in this paragraph having the meaning given to them in Regulation S); or (B) in the case of Warrants offered and sold in reliance with Regulation S or Rule 144A, a written opinion of counsel to the effect that the Warrant and the securities delivered upon exercise thereof have been registered under the Securities Act or are exempt from registration thereunder.
- (vi) in the case of Warrants offered and sold in reliance on Rule 144A, certify that each person exercising such Warrants is a "qualified institutional buyer" (as defined in Rule 144A); and
- (vii) include an irrevocable undertaking to pay any applicable stamp duty, stamp duty reserve tax and/or other taxes or duties ("**Taxes**") due by reason of the exercise of the Warrants and an authority to the Issuer and the relevant Clearing System to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder or otherwise (on, or at any time after, the Cash Settlement Payment Date) to debit a specified account of the Warrantholder at the relevant Clearing System with an amount or amounts in respect thereof, all as provided in the Warrant Agency Agreement.

In addition, if the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants or if Condition 3(f) is specified in the relevant Final Terms as being applicable, the Exercise Notice shall also:

- (aa) irrevocably instruct the relevant Clearing System to debit on the Strike Price Payment Date a specified account of the Warrantholder with the aggregate Strike Price in respect of the Warrants being exercised (together with any applicable Taxes) and to transfer such amount to such account as shall have been specified by the Issuer to the relevant Clearing System for that purpose;

- (bb) include an irrevocable undertaking to pay any applicable Taxes due by reason of the transfer (if any) of the Securities to the account at the relevant Clearing System specified, or as otherwise specified, by the Warrantholder and an authority to the Issuer and the relevant Clearing System to debit a specified account of the Warrantholder with an amount in respect thereof; and
- (cc) specify the number of the Warrantholder's account with the relevant Clearing System to be credited with the relevant Securities or, as the case may be, the delivery details for such Securities.

(b) *Verification of Warrantholder*

To exercise Bearer Warrants, the Holder must duly complete an Exercise Notice and must have Warrants in the amount being exercised in its securities account with the relevant Clearing System on the Exercise Date. The relevant Clearing System will, in accordance with its normal operating procedures, verify that each person exercising Warrants is the Holder thereof according to the records of such Clearing System and that such Holder has an account at the relevant Clearing System which contains an amount equal to the aggregate Strike Price (if any) in respect of the Warrants being exercised. If the Exercise Notice is, in the determination of the relevant Clearing System, improperly completed, or sufficient Warrants or sufficient funds equal to the aggregate Strike Price are not available in the specified account(s) with the relevant Clearing System on the Exercise Date, the Exercise Notice will be treated as null and void and a new duly completed Exercise Notice must be submitted if exercise of the Holder's Warrants is still desired.

On or prior to the Cash Settlement Payment Date or the Settlement Date, as the case may be, the relevant Clearing System will debit the Warrantholder's account with the Warrants being exercised.

(c) *Notification to Principal Warrant Agent*

The relevant Clearing System shall notify the Principal Warrant Agent in writing (with a copy to the Issuer) not later than 11.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on the Business Day immediately following the Exercise Date of the number of the account with such Clearing System to which the Cash Settlement Amount or, in the case of Physical Settlement, the Securities are to be credited for the benefit of the Warrantholder.

(d) *Debit of Warrantholder's Account*

The relevant Clearing System will on or before the Cash Settlement Payment Date or the Settlement Date, as the case may be, debit the relevant account of the Warrantholder and credit the relevant account of the Principal Warrant Agent (in favour of the Issuer) with the Warrants being exercised and, if the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants or if the Issuer has elected for optional Physical Settlement in accordance with Condition 3(f), with the aggregate Strike Price, in the case of a Call Warrant, or the relevant number of Securities, in the case of a Put Warrant, in respect of the Warrants being exercised together in each case with any applicable Taxes. If the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants or if the Issuer has elected for optional Physical Settlement in accordance with Condition 3(f) and the aggregate Strike Price, in the case of a Call Warrant, or the relevant number of Securities, in the case of a Put Warrant, in respect of the Warrants being exercised together in each case with any applicable Taxes is not so credited, then the Issuer shall be under no obligation to transfer Securities or make payment of any nature to the relevant Warrantholder in respect of the Warrants being exercised, and the Exercise Notice delivered in respect of such Warrants shall thereafter be null and void for all purposes.

If Condition 3(f) or Condition 3(g) is specified in the relevant Final Terms as being applicable, the Issuer will, by the close of business (London time) on the Business Day following the relevant Determination Date, notify the relevant Clearing System, the Principal Warrant Agent and the relevant Warrantholder, if it has elected for Cash Settlement or Physical Settlement, as the case may be. Notice to the relevant Warrantholder shall be given by facsimile or telex to the number specified in the relevant Exercise Notice and any notice so sent shall be deemed received by the relevant Warrantholder.

(e) *Payment*

In respect of Warrants which have been exercised, the Calculation Agent shall by close of business or such other time as is specified in the relevant Final Terms on the date specified therefor in the relevant Final Terms determine the Cash Settlement Amount (if any) to be paid on the relevant Cash Settlement Payment Date in respect of the relevant Warrants *provided that* the Calculation Agent has received a tested telex from the relevant Clearing System specifying the number of Warrants which have been exercised in accordance with Condition 4(a) and, shall notify the Issuer and the Principal Warrant Agent of such amounts on the Business Day following the date so specified.

Unless the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants (and the Issuer has not elected for optional Cash Settlement in accordance with Condition 3(g)) or the Issuer shall have elected for optional Physical Settlement in accordance with Condition 3(f), the Issuer will transfer to the Principal Warrant Agent the Cash Settlement Amount in respect of the Warrants being exercised, less any amount in respect of Taxes which the Issuer is authorised to deduct therefrom, for value on the Cash Settlement Payment Date, and the Principal Warrant Agent will cause the Warrantholder's account with the relevant Clearing System to be credited with such amount for value on the Cash Settlement Payment Date.

If, however, the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants (and the Issuer has not elected for optional Cash Settlement in accordance with Condition 3(g)) or if the Issuer elects for optional Physical Settlement in accordance with Condition 3(f), then:

- (i) in the case of a Call Warrant, subject to the debit of the relevant account of the Warrantholder with the Strike Price and any applicable Taxes and the credit thereof to the relevant account of the Principal Warrant Agent (in favour of the Issuer) as aforesaid, the Issuer will, on the relevant Settlement Date, procure the credit of the relevant Securities to the account specified, or as may otherwise be specified, in the relevant Exercise Notice; and
- (ii) in the case of a Put Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the transfer for value to the Principal Warrant Agent of the Strike Price in respect of the Warrant being exercised, less any amount in respect of Taxes which the Issuer is authorised to deduct therefrom, and the Principal Warrant Agent will, on the relevant Settlement Date, procure the credit of the relevant Strike Price to the account specified, or as may otherwise be specified, in the relevant Exercise Notice.

Exercise of the Warrants, payment by the Issuer and the Principal Warrant Agent and any transfer of Securities by the Issuer or the Principal Warrant Agent, will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor the Principal Warrant Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor the Principal

Warrant Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Warrants.

(f) *Determinations*

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the relevant Clearing System, in consultation with the Principal Warrant Agent, and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder. Any Exercise Notice so determined to be incomplete or not in proper form or which is not copied to the Principal Warrant Agent immediately after being sent to the relevant Clearing System, shall be null and void. If such Exercise Notice is subsequently corrected to the satisfaction of the relevant Clearing System it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to the relevant Clearing System.

(g) *Effect of Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the Warrants specified therein, *provided that* the person exercising and delivering such Exercise Notice is the person then appearing in the books of the relevant Clearing System as the Holder of the relevant Warrants. If the person exercising and delivering the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes become null and void and shall be deemed not to have been so delivered.

After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void pursuant to Condition 4(a)), the Warrantholder specified in such Exercise Notice may not otherwise transfer such Warrants. Notwithstanding this, if any Warrantholder does so transfer or attempt to transfer such Warrants, the Warrantholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging operations in respect of such Warrants or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging operations.

(h) *Fractions*

No fraction of any Securities will be transferred on exercise of any Warrant pursuant to Conditions 3(b) or (c), *provided that* all Warrants exercised at the same time by the same Warrantholder shall be aggregated for the purpose of determining whether any (and if so what) fraction of any Securities arises. Instead the Issuer shall make a cash refund of the corresponding fraction (rounded down to the nearest minimum unit of the Settlement Currency) of the aggregate Strike Price in respect of the relevant Warrants. Such refund shall be made by transfer by the Issuer to the account of the Principal Warrant Agent whereupon the Principal Warrant Agent shall transfer such amount to the account at the relevant Clearing System specified in the relevant Exercise Notice as the account to be credited with the relevant Cash Settlement Amount or, if none, then to the relevant Clearing System for credit by it to the account of the relevant Warrantholder with that Clearing System from which the Strike Price was originally debited.

5. **Minimum Number of Warrants Exercisable**

The Warrants are exercisable in the minimum number (the "**Minimum Exercise Number**") specified in the relevant Final Terms and integral multiples thereof (or, if a "Permitted Multiple" is specified in the relevant Final Terms, integral multiples of the Permitted Multiple) on any particular occasion or such

lesser Minimum Exercise Number or other Permitted Multiple as the Issuer may from time to time notify to the Warrantholders in accordance with Condition 10.

6. **Effects of European Economic and Monetary Union**

- (a) Following the occurrence of an EMU Event, the Calculation Agent may make such adjustment (and determine the effective date of such adjustment) as it, in its sole and absolute discretion, determines appropriate, if any, to the Strike Price (if any), the formula for the Cash Settlement Amount, the Settlement Price, the Relevant Price, the number of Securities to which each Warrant relates, the number of securities comprised in a Security Basket Warrant, the amount, the number of or type of shares, bonds, other securities or other property which may be delivered in respect of such Warrants and/or any other adjustment and, in any case, any other variable relevant to the exercise, settlement or payment terms of the relevant Warrants which in the sole and absolute discretion of the Calculation Agent have been or may be affected by such EMU Event.
- (b) Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to: (i) make such conversions between amounts denominated in the national currency units (the "**National Currency Units**") of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Communities as amended by the Treaty on European Union and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversation rates and rounding rules established by the council of the European Union pursuant to the Treaty establishing the European Communities as amended by the Treaty a European Union as it, in its sole and absolute discretion, considers appropriate; (ii) make all payments in respect of the Warrants solely in euro as though references in the Warrants to the relevant National Currency Units were to euro and (iii) make such adjustments as it, in its sole and absolute discretion considers necessary to the Strike Price (if any), the formula for the Cash Settlement Amount, Settlement Price, Relevant Price and any other amount as it determines, in its sole and absolute discretion, to be appropriate.
- (c) None of the Issuer, a Warrant Agent or the Calculation Agent will be liable to any Warrantholder or other person for any commissions, cost, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.
- (d) For the purposes hereof, "**EMU Event**" means the occurrence of any of the following, as determined by the Determination Agent, acting in a commercially reasonable manner:
- (i) the withdrawal from legal tender of any currency that, before the introduction of the euro, was lawful currency in one of the member state;
  - (ii) the redenomination of any Security into euro;
  - (iii) any change in the currency of denomination of any Index;
  - (iv) any change in the currency in which some or all the securities or other property contained in any Index is denominated;
  - (v) the disappearance or replacement of a relevant rate option or other price source for the national currency of any member state, or the failure of the agreed sponsor (or successor sponsor) to publish or display a relevant rate, index, price, page or screen; or

- (vi) the change by any organised market, exchange or clearance, payment or settlement system in the unit of account of its operating procedures to the euro.

## 7. Warrant Agents and Calculation Agent

### (a) *Appointment of Agents*

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Warrant Agent or the Calculation Agent or the Authentication Agent or the Registrar or the Transfer Agent and to appoint other Principal Warrant Agent or a substitute Calculation Agent or a substitute Authentication Agent or a substitute Registrar or a substitute Transfer Agent, *provided that* (i) so long as any Warrant is outstanding, the Issuer will maintain a Principal Warrant Agent and a Calculation Agent and an Authentication Agent and (ii) so long as the Warrants have been admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange (or have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system), there will be a Warrant Agent with a specified office in London (or in such other place as may be required by such other listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation). Notice of any termination of appointment and of any change in the specified office of the Principal Warrant Agent or a Calculation Agent or an Authentication Agent or a Registrar or a Transfer Agent and of any appointment of a Warrant Agent or a Calculation Agent or an Authentication Agent or a Registrar or a Transfer Agent will be given to Warrantheolders in accordance with Condition 10. In acting under the Warrant Agency Agreement, the Principal Warrant Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantheolders.

### (b) Calculation Agent

The Calculation Agent shall not act as an agent for the Warrantheolders but shall be the agent of the Issuer. All calculation functions required of the Calculation Agent under these Conditions may be delegated to any such person as the Calculation Agent, in its absolute discretion, may decide.

Neither the Issuer nor the Calculation Agent shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables used in any calculation made pursuant to these Conditions or in the calculation of any Cash Settlement Amount or of any entitlement to Physical Settlement arising from such errors or omissions.

### (c) *Notifications*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Warrants by the Principal Warrant Agent or the Calculation Agent shall (in the absence of manifest error or wilful misconduct) be binding on the Issuer and the Warrantheolders and (subject as aforesaid) no liability to the Warrantheolders (or any of them) shall attach to the Principal Warrant Agent or the Calculation Agent in connection with the exercise or non-exercise by either of them of their powers, duties and discretions for such purposes.

## 8. Taxes

A Warrantheolder subscribing for, purchasing or exercising a Warrant shall pay all Taxes and securities transfer taxes and any other charges, if any, payable in connection with the subscription, purchase or exercise of such Warrant and the delivery of the Cash Settlement Amount and/or any Securities as a result of such exercise. The Issuer shall have the right, but not the duty, to withhold or deduct from any

amounts otherwise payable to a Warrantholder such amount as is necessary for the payment of any such taxes, duties or charges or for effecting reimbursement in accordance with the next sentence.

In any case where the Issuer is obliged to pay any such tax, duty or charge referred to in the previous paragraph, the relevant Warrantholder shall promptly reimburse the Issuer therefor.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Warrants.

## 9. Force Majeure and Illegality

### (a) Force Majeure

The Issuer shall have the right to terminate its obligations under the Warrants, subject to the following sentence, if the Calculation Agent shall have determined in its absolute discretion, that the performance of such obligations shall have become unlawful or impracticable in whole or in part, in particular as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power. In such circumstances the Issuer will, however, pay to each Warrantholder in respect of each Warrant held by it an amount determined by the Calculation Agent after consultation with a merchant bank of international repute as representing the fair market value of such Warrant immediately after such termination. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 10.

### (b) Illegality

In the event that any one or more of the provisions contained in these terms should be held to be invalid, illegal or unenforceable in any respect, the Issuer will endeavour in good faith to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which is not detrimental on either the Issuer or the Warrantholder, and which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

## 10. Notices

All notices to Warrantholders will, save where another means of communication has been specified in the relevant Final Terms, be deemed to have been duly given if notified to the relevant Clearing System and, in the case of Warrants admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange (or which have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system), if copies of such notifications are forwarded in final form to the London Stock Exchange no later than the date of dispatch (or, in the case of Warrants admitted to listing, trading and/or quotation by any other listing authority, stock exchange, and/or quotation system published in any publication required by such other listing authority, stock exchange and/or quotation system). Any such notice shall be deemed to have been given on the date of such notification or, in the case of any of Warrants listed on any other listing authority, stock exchange and/or quotation system, the date of such publication or, if notified or published more than once or on different dates, on the date of the first such notification or publication.

## 11. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Warrantholders to create and issue further warrants of any particular series so as to form a single series with the Warrants, pursuant to an agreement supplemental to the Warrant Agency Agreement.



## 12. Purchase by the Issuer

The Issuer may at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may, at the discretion of the Issuer, be held, resold, reissued or surrendered for cancellation, and Warrants so reissued or resold shall for all purposes be deemed to form part of the original series of the Warrants.

## 13. Modification

The Issuer may modify the Conditions and the Warrant Agency Agreement (subject in the case of the Warrant Agency Agreement to the agreement of the other parties thereto) without the consent of the Warrantholders for purposes of curing any ambiguity or correcting or supplementing any provision contained therein in any manner which the Issuer may deem necessary or desirable *provided that* such modification is not materially prejudicial to the interests of the Warrantholders or to correct an inconsistency between the Final Terms and the relevant term sheet relating to the Warrants. Notice of any such modification will be given to the Warrantholders but failure to give, or non-receipt of, such notice will not affect the validity of such modification.

## 14. Substitution

The Issuer shall be entitled at any time and from time to time, without the consent of the Warrantholders, to substitute any holding company of the Issuer or any wholly-owned, direct or indirect subsidiary of HSBC Holdings plc (the "**New Issuer**") in place of the Issuer, as obligor under the Warrants of any Series, *provided that* the New Issuer shall assume all obligations of the Issuer in relation to the Warrantholders under or in relation to such Warrants. In the event of any such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer. Any such substitution shall be promptly notified to the relevant Warrantholders in accordance with Condition 10. In connection with such right of substitution the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Warrantholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Warrantholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Warrantholder.

## 15. Governing Law

### (a) *Governing law*

The Warrants and all matters arising from or connected with the Warrants are governed by, and shall be construed in accordance with, English law.

### (b) *English courts*

The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Warrants.

## 16. Third Party Rights

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

**Additional Provisions in respect of Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes**

The following additional condition shall be deemed to be added as Condition 21 to the terms and conditions set out in the section headed "Terms and Conditions of the Notes" appearing in "Part B - Information Relating to The Notes Generally" of the Base Prospectus in respect of any issue of Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes.

The terms and conditions of the Equity-Linked Notes and the Cash Equity Notes (the "**Terms and Conditions of the Equity-Linked Notes and Cash Equity Notes** ") shall consist of Condition 21, the terms and conditions set out in the section headed "Terms and Conditions of the Notes" appearing in "Part B - Information Relating to The Notes Generally" of the Base Prospectus, such information being incorporated by reference in this Prospectus (the "**Base Conditions**"), as amended or supplemented by the terms of each Tranche of Notes set out in the Final Terms (the "**Final Terms**"), examples of which are set out below in the sections "Additional Provisions relating to Certain Equity-Linked Notes and Cash Equity Notes" and "Additional Provisions relating to Index-Linked Notes".

21. **Provisions relating to Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes**

(a) *Definitions*

As used in this Condition 21, and unless otherwise provided in the relevant Final Terms, the following expressions shall have the following meanings:

"**Additional Disruption Event**" has the meaning ascribed thereto in Condition 21(h).

"**Automatic Early Redemption Notes**" means a Series of Notes in respect of which the relevant Final Terms specifies that Automatic Early Redemption is applicable.

"**Averaging Date**" means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 21(e)(ii).

"**Cash Equity Note**" means a Series of Notes in respect of which the amount payable at maturity is calculated by reference to the value of a Security or Securities and/or a formula (as indicated in the relevant Final Terms).

"**Cash Settlement**" means, in relation to a Series of Notes, that the relevant Noteholder is entitled to receive from the Issuer on the Cash Settlement Payment Date an amount calculated in accordance with the relevant Final Terms in the Specified Currency.

"**Cash Settlement Payment Date**" means, in relation to a Series of Notes, the date specified or otherwise determined as provided in the relevant Final Terms. In the case of an Index-Linked Note, a Cash Equity Note or an Equity-Linked Note which relates to a basket of Indices or Securities, if as a result of the occurrence of a Disrupted Day there is more than one Valuation Date with respect to the Indices or Securities comprised in such basket, then the relevant Cash Settlement Payment Date shall be determined by reference to the Valuation Date which is the last to occur.

"**Clearance System**" means, in relation to a Series of Notes, Euroclear, Clearstream Luxembourg, DTC or any other clearance system through which transfers of relevant Securities or, as the case may be, securities comprised in a relevant index are customarily settled (in the

case of any Equity-Linked Notes which are to be redeemed by delivery of a Securities Transfer Amount as specified as such in the form from time to time approved by the Issuer for use as a Transfer Notice, or any successor to such clearance system).

**"Clearance System Business Day"** means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions.

**"Component Security"** means, with respect to an Index, each component security of that Index.

**"Conversion"** means, in respect of any Securities, any irreversible conversion by the Underlying Company of such Securities into other securities.

**"Delivery Disruption Event"** means, as determined by the Calculation Agent in its sole and absolute discretion, the failure by the Issuer to deliver or to procure delivery on the relevant Settlement Date the Securities Transfer Amount under the relevant Note which is due to illiquidity in the market for such Securities.

**"Delisting"** means that the Exchange announces that, pursuant to the rules of such Exchange, the Securities 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).

**"Deposit Agreement"** means, in relation to each Depositary Receipt, the agreement(s) or other instrument(s) constituting such Depositary Receipt, as from time to time amended or supplemented.

**"Depositary"** means, in relation to a Depositary Receipt, the issuer of such Depositary Receipt as appointed under the Deposit Agreement, including its successors from time to time.

**"Depositary Receipt(s)"** means any Security specified as such in the relevant Final Terms *provided that* if the relevant Deposit Agreement is terminated at any time, any reference to any Depositary Receipt(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the relevant Notes and determine, in its sole and absolute discretion, the effective date of such adjustment.

**"Disrupted Day"** means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or (b) if the Notes are Multiple Exchange Index-Linked Notes, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred.

**"DR Linked Notes"** means a Series of Equity-Linked Notes or Cash Equity Notes which relate to one or more Securities which are Depositary Receipts.

**"Early Closure"** means (a) the closure on any Exchange Business Day of the relevant Exchange (in the case of Equity-Linked Notes or Cash Equity Notes) or any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of

Index-Linked Notes) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or (b) if the Notes are Multiple Exchange Index-Linked Notes, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Equity-Linked Note"** means a Series of Notes in respect of which either an amount, which shall be calculated by reference to the value of a Security or Securities and/or a formula, is payable or a Securities Transfer Amount is deliverable (as indicated in the relevant Final Terms).

**"Exchange"** means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Security or the components of the Index, as the case may be, has temporarily relocated (*provided that* the Calculation Agent has determined that there is comparable liquidity relative to such Security or components, as the case may be, as on the original Exchange); or (b) in the case of a Multiple Exchange Index and each relevant Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent (which exchange or quotation system as of the Issue Date may be specified as such in the relevant Final Terms).

**"Exchange Business Day"** means (a) any Scheduled Trading Day on which each Exchange and any relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means (a) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Securities on the Exchange (in the case of an Equity-Linked Note or Cash Equity Note) or on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index-Linked Note), or (ii) to effect transactions in, or obtain market values for, future or options contracts relating to the Securities (in the case of an Equity-Linked Note or Cash Equity Note) or the relevant Index (in the case of an Index-Linked Note) on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the

Exchange in respect of such Component Security or (ii) futures or options contracts relating to the Index on the relevant Related Exchange.

"**Exchange Rate**" means, in respect of a relevant date and time, the currency exchange rate of one currency against another currency, as specified in the Final Terms, quoted by the relevant exchange rate provider on such date, as displayed on the Reuters Page specified in the Final Terms and as determined by the Calculation Agent. If such Exchange Rate cannot be or ceases to be determined, then the Calculation Agent shall select another Reuters page or determine in good faith such exchange rate by reference to such sources as it may select in its absolute discretion.

"**Extraordinary Dividend**" means the amount per Security specified or otherwise determined as provided in the relevant Final Terms or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the Calculation Agent determines in its sole and absolute discretion should be characterised as an Extraordinary Dividend.

"**Extraordinary Event**" means a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting.

"**Final Price**" means, with respect to a Security and a Valuation Date (a) the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date or (b) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Security is valued, one half of a unit being rounded upwards) of the Reference Prices on such Averaging Dates.

"**Government Bonds**" means, in relation to a Series of Notes, bonds or any other debt securities issued by a government, government agency or subdivision or a transnational or supranational organisation as specified in the relevant Final Terms and "**Government Bond**" shall be construed accordingly.

"**Index**" means, in relation to a Series of Notes, the index to which such Notes relates, as specified in the relevant Final Terms, subject to adjustment pursuant to this Condition 21, and "**Indices**" shall be construed accordingly.

"**Index-Linked Note**" means a Series of Notes in respect of which an amount calculated by reference to an Index or Indices and/or a formula is payable (as indicated in the relevant Final Terms).

"**Index Sponsor**" means 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 the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day (which corporation or entity as of the Issue Date may be specified as such in the relevant Final Terms).

"**Initial Index Level**" means the level specified as such or otherwise determined as provided in the relevant Final Terms or, if no such level is so specified or otherwise determined, the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date.

**"Initial Price"** means the price per Security specified as such or otherwise determined as provided in the relevant Final Terms or, if no such price is so specified or otherwise determined, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date.

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

**"Market Disruption Event"** means (a) the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be or (iii) an Early Closure *provided that* for the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a component of the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event; or (b) with respect to a Multiple Exchange Index, either

- (A) (1) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) 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: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

**"Merger Event"** means in respect of any relevant Securities, any (i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity or person (other than a consolidation, amalgamation or merger in which such Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase otherwise obtain 100% of the outstanding Securities of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person) or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding but results in the outstanding Securities (other than Securities owner or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Securities immediately following such event, in each case if 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) is on or before, in the case of any Equity-Linked Note which is to be redeemed by delivery of a Securities Transfer Amount, the Maturity Date or, in any other case, the final Valuation Date.

If the Notes are DR Linked Notes, **"Merger Event"** shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities.

**"Multiple Exchange Index"** means an Index identified or specified as such in the relevant Final Terms.

**"Multiple Exchange Index-Linked Notes"** means Notes which relate to a Multiple Exchange Index.

**"Nationalisation"** means that all the Securities (or, if the Notes are DR Linked Notes, the relevant Underlying Securities) or all or substantially all the assets of an Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**"Notional Sale Date"** has the meaning given in the definition of Settlement Date below.

**"Potential Adjustment Event"** means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent in its sole and absolute discretion; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect

of the Underlying Company, 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 the Underlying Company 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 (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant Final Terms.

With respect to Depositary Receipts, "Potential Adjustment Event" shall also include (x) the occurrence of any of the events described in (i) to (viii) (inclusive) above in respect of the relevant Underlying Securities and (y) the making of any amendment or supplement to the terms of the Depositary Agreement.

"**Reference Price**" means, in respect of a Security and an Averaging Date, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date.

"**Related Exchange**" means, subject to the proviso below, in respect of a Security or Index, each exchange or quotation system specified as such for such Security or Index in the relevant 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 Security or Index, as the case may be, 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 Security or Index, as the case may be, as on the original Related Exchange) provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant 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 Security or Index, as the case may be.

"**Relevant Price**" has the meaning ascribed thereto in the relevant Final Terms.

"**Residual Amount**" means in relation to a Noteholder and a Note, the fraction of a Security rounded down pursuant to Condition 21(b), as determined by the Calculation Agent.

"**Residual Cash Amount**" means, in respect of a Residual Amount, the product of such Residual Amount and the relevant Final Price.

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

"**Scheduled Trading Day**" means (a) any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or (b) with respect to a Multiple Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

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



"**Securities**" means, in relation to a Series of Notes, the equity securities, debt securities (including without limitation Government Bonds), depositary receipts or other securities or property, as adjusted pursuant to this Condition 21, to which such Notes relate, as specified in the relevant Final Terms and "**Security**" shall be construed accordingly.

"**Securities Transfer Amount**" has the meaning ascribed thereto in the relevant Final Terms.

"**Settlement Cycle**" means, in respect of a Security or an Index, the period of Clearance System Business Days following a trade in the relevant Security or the securities underlying such Index, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period).

"**Settlement Date**" means, in relation to Securities to be delivered in respect of an Equity-Linked Note (a) in the case of Equity-Linked Notes which relate to equity securities and unless otherwise specified in the relevant Final Terms, the later of (i) the Maturity Date and (ii) the date that falls one Settlement Cycle after the Exchange Business Day following the Valuation Date (the "**Notional Sale Date**") (or if such day is not a Clearance System Business Day, the next following Clearance System Business Day) subject to the provisions of Condition 21(b) or, (b) in any other case, and unless otherwise specified in the relevant Final Terms, the date specified as such in the relevant Final Terms, subject to adjustment in accordance with the Following Business Day Convention unless another Business Day Convention (as defined in Condition 19) is specified in the relevant Final Terms. In each case, if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 21(b)(iii).

"**Settlement Disruption Event**" in relation to a Security means an event which the Calculation Agent, in its sole and absolute discretion, determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant Clearance System cannot clear the transfer of such Security.

"**Strike Date**" means the date specified as such in the relevant Final Terms.

"**Successor Index**" has the meaning given in Condition 21(f).

"**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% and less than 100% of the outstanding voting shares of the Underlying Company, 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.

"**Trading Disruption**" means (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 (1) relating to the Securities on the Exchange (in the case of an Equity-Linked Note or Cash Equity Note) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Equity-Linked Notes); or (2) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related

Exchange or otherwise (1) relating to any Component Security on the Exchange in respect of such Component Security, or (2) in futures or options contracts relating to the Index on any relevant Related Exchange.

**"Transfer Expenses"** means with respect to any Notes, all stamp, transfer, registration and similar duties and all expenses, scrip fees, levies and registration charges payable on or in respect of or arising on, or in connection with, the purchase or transfer, delivery or other disposition by the transferor to the order of the relevant Noteholders of any Securities.

**"Transfer Notice"** means a notice in the form from time to time approved by the Issuer, which must:

- (i) specify the name and address of the Noteholder;
- (ii) specify the number of Notes in respect of which he is the Noteholder;
- (iii) specify the number of the Noteholder's account at Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, to be debited with such Notes;
- (iv) irrevocably instruct and authorise Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, (A) to debit the Noteholder's account with such Notes on the Settlement Date, if the Issuer elects (or has elected) Physical Settlement or otherwise on the Maturity Date and (B) that no further transfers of the Notes specified in the Transfer Notice may be made;
- (v) contain a representation and warranty from the Noteholder to the effect that the Notes to which the Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
- (vi) specify the number and account name of the account at the Clearance System to be credited with the Securities if the Issuer elects (or has elected) Physical Settlement;
- (vii) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, to debit on or after the Settlement Date the cash or other account of the Noteholder with Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, specified in the Transfer Notice with such Transfer Expenses;
- (viii) include a certificate of non-U.S. beneficial ownership in the form required by the Issuer; and
- (ix) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings.

**"Underlying Company"** means the issuer of the Security as specified in the relevant Final Terms and, if the Notes are DR Linked Notes, each of the Depositary and the issuer of the relevant Underlying Security, in each case subject to adjustment in accordance with Condition 21(g).

**"Underlying Security"** means, with respect to DR Linked Notes and a Depositary Receipt, the security and any other property to which such Depositary Receipt relates.

"**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.

"**Valuation Date**" means each date specified or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to Condition 21 (e).

"**Valuation Time**" means, (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Security or Index, as applicable. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or (b) in relation to a Multiple Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the 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.

"**Worst Performing Index**" means, with respect to the Valuation Date, the Index which gives rise to the lowest percentage as determined by the Calculation Agent in accordance with the formula that is set out in the relevant Final Terms.

"**Worst Performing Security**" means, in respect of a Valuation Date, the Security which gives rise to the lowest percentage as determined by the Calculation Agent in accordance with the formula that is set out in the relevant Final Terms.

(b) *Physical Delivery*

In relation to Equity-Linked Notes which are to be redeemed by the delivery of a Securities Transfer Amount, and subject to the other provisions of these Conditions and the relevant Final Terms:

- (i) (A) Each Noteholder shall, on or before the date five calendar days before the Maturity Date (or such earlier date as the Issuer shall determine is necessary for Issuer, the Paying Agents, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system to perform their respective obligations in relation to the Notes and notify to the Paying Agents and the Noteholders) send to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, a duly completed Transfer Notice.
- (B) A Transfer Notice, once delivered to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of a Transfer Notice following delivery of such Transfer Notice to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system. A Transfer Notice shall only be valid to the extent that Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system have not received conflicting prior instructions in respect of the Notes which are the subject of the Transfer Notice.

- (C) Failure properly to complete and deliver a 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 shall be made by the Principal Paying Agent and shall be conclusive and binding on the Issuer and the Noteholder.
  - (D) The Principal Paying Agent shall promptly on the local banking day following receipt of a Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.
  - (E) Delivery of the Securities will be via the relevant Clearance System. The delivery or transfer of Securities to each Noteholder is at the relevant Noteholder's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.
- (ii)
- (A) the Issuer shall discharge its obligation to redeem the relevant proportion of the Notes by delivering, or procuring the delivery of, the Securities Transfer Amount on the Settlement Date to the Clearance System for credit to the account with the Clearance System specified in the Transfer Notice of the relevant Noteholder.
  - (B) The amount of Securities to be delivered to or for the account of each Noteholder shall be an amount of Securities equal to the number of Notes in respect of which such Noteholder is the holder as specified in the relevant Transfer Notice multiplied by the Securities Transfer Amount Provided, however, that if a Noteholder would become entitled to a number of Securities which is not equal to a board lot of the Securities at such time, as determined by the Calculation Agent, or an integral multiple thereof, then the Noteholder's entitlement to delivery of Securities shall be rounded down to the nearest whole Security.
  - (C) In relation to each Noteholder, the Calculation Agent shall calculate the Residual Amount and the Residual Cash Amount. The Residual Cash Amount shall be paid by the Issuer to the relevant Noteholder on the Settlement Date.
  - (D) Each Noteholder shall be required as a condition of its entitlement to delivery of Securities in respect of any Notes to pay all Transfer Expenses in respect of such Notes.
  - (E) After delivery to or for the account of a Noteholder of the relevant Securities Transfer Amount and for such period of time as the transferor or its agent or nominee shall continue to be registered in any clearing system as the owner of the Securities comprised in such Securities Transfer Amount (the "**Intervening Period**"), none of such transferor or any agent or nominee for the Issuer or such transferor shall (i) be under any obligation to deliver to such Noteholder or any other person any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or such transferor, agent or nominee in its capacity as holder of such Securities, (ii) be under any obligation to exercise any rights (including voting rights) attaching to such Securities during the Intervening Period, or (iii) be under any liability to such Noteholder or any other person in respect of any loss or damage which the

Noteholder or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or such transferor, agent or nominee being registered in such clearing system during such Intervening Period as legal owner of such Securities.

- (F) All dividends on Securities to be delivered will be payable to the party that would receive such dividends according to market practice for a sale of the Securities executed on the Notional Sale Date to be delivered in the same manner as such Securities. Any such dividends will be paid to or for credit to the account specified by the Noteholder in the relevant Transfer Notice. No right to dividends on the Securities will accrue to Noteholders prior to the Notional Sale Date.
- (iii) the Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant Clearance System unless a Settlement Disruption Event prevents settlement on each of the eighth relevant Clearance System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the relevant Final Terms) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) outside the Clearance System and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be the first day on which settlement of a sale of Securities executed on that eighth relevant Clearance System Business Day, or during such other period specified in the relevant Final Terms, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) of delivery (which other manner of delivery will be deemed the relevant Clearance System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearance System or in any other commercially reasonable manner.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Securities comprised in a basket, the Settlement Date for Securities not affected by the Settlement Disruption Event will be the first day on which settlement of a sale of such Securities executed on the Maturity Date customarily would take place through the relevant Clearance System.

- (iv) if the Calculation Agent determines, in its sole and absolute discretion, that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Noteholder(s) and the Issuer may then:

- (A) determine, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Noteholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount; or
- (B) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Noteholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount.

Where this Condition 21(b)(iv) fails to be applied, insofar as the Calculation Agent determines in its sole and absolute discretion to be practical, the same shall be applied as between the Noteholders on a pro rata basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines, in its sole and absolute discretion, determines to be appropriate to give practical effect to such provisions.

(c) *Automatic Early Redemption*

This Condition 21(c) is applicable only to Automatic Early Redemption Notes.

If on any Automatic Early Redemption Valuation Date the Automatic Early Redemption Event occurs, then unless previously redeemed or purchased and cancelled, the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and the Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount in the relevant currency equal to the relevant Automatic Early Redemption Amount.

As used herein:

**"Automatic Early Redemption Amount"** means (a) an amount in the relevant currency specified in the relevant Final Terms or if such amount is not specified, (b) the product of (i) the nominal amount of one Note and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

**"Automatic Early Redemption Date(s)"** means each of the date(s) specified as such in the relevant Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms.

**"Automatic Early Redemption Event"** means (unless otherwise specified in the relevant Final Terms) that the price of the relevant Security or, as the case may be, the level of the Index, in either case as determined by the Calculation Agent as of the (or any) Valuation Date is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii)

"less than" or (iv) "less than or equal to" the Automatic Early Redemption Price, or as the case may be, the Automatic Early Redemption Level.

**"Automatic Early Redemption Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms.

**"Automatic Early Redemption Price"** means the price per Security specified as such or otherwise determined in the relevant Final Terms.

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date, the rate specified as such in the relevant Final Terms.

**"Automatic Early Redemption Valuation Date(s)"** means each of the date(s) specified as such in the relevant Final Terms or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, subject to the provisions of Condition 21(e)(i) which shall apply as if such Automatic Early Redemption Valuation Date were a Valuation Date.

(d) *Knock-in and Knock-out Provisions*

If "Knock-in Event" is specified as applicable in the Final Terms in relation to any Cash Equity Note, Equity-Linked Note or Index-Linked Note, then each payment and/or delivery in respect of which a Knock-in Event applies, as specified in the relevant Final Terms, shall be conditional upon the occurrence of such Knock-in Event.

**"Knock-in Determination Day"** means each Scheduled Trading Day during the Knock-in Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-in Determination Day 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 original date that, but for the occurrence of a Disrupted Day, would have been the Knock-in Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-in Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is also a Disrupted Day in accordance with the provisions of Condition 21(e)(i)(A)(1),(2) or (3), as the case may be.

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**"Knock-in Event"** means (a) the event or occurrence specified as such in the relevant Final Terms; and (b) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Price or, as the case may be, the Knock-in Level.

**"Knock-in Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms.

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above.

**"Knock-in Period Ending Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above.

**"Knock-in Price"** means the price per Security specified as such or otherwise determined in the relevant Final Terms.

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

If "Knock-out Event" is specified as applicable in the Final Terms in relation to any Cash Equity Note, Equity-Linked Note or Index-Linked Note, then each payment and/or delivery in respect of which a Knock-out Event applies, as specified in the relevant Final Terms, shall be conditional upon such Knock-out Event not having occurred

For the purposes hereof:

**"Knock-out Determination Day"** means each Scheduled Trading Day during the Knock-out Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-out Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-out Determination Day 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 original date that, but for the occurrence of a Disrupted Day, would have been the Knock-out Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-out Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is a Disrupted Day in accordance with the provisions of Condition 21(e)(1)(A)(i), (ii) or (iii), as the case may be.

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**"Knock-out Event"** means that (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Price or, as the case may be, Knock-out Level.

**"Knock-out Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms.



"**Knock-out Period Beginning Date**" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above.

"**Knock-out Period Ending Date**" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above.

"**Knock-out Price**" means the price per Security specified as such or otherwise determined in the relevant Final Terms.

"**Knock-out Valuation Time**" means the time or period of time on any Knock-out Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

(e) *Consequences of Disrupted Days*

(i) If any Valuation Date is a Disrupted Day, then:

(A) in the case of an Equity-Linked Note, a Cash Equity Note or an Index-Linked Note which, in each case, relates to a single Security or Index, the 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:

(1) in respect of an Index-Linked Note the Calculation Agent shall determine in its absolute discretion that either:

(aa) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the Market Disruption Event; or

(bb) the Valuation Date shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Valuation Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the Market Disruption Event,

and, in each case, the Calculation Agent shall determine the level of the Index as of the Valuation Time on that eighth or (as the case may be) thirtieth Scheduled Trading Day determined 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 or (as the case may be) thirtieth Scheduled Trading Day of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on that eighth or (as the case may be) thirtieth Scheduled Trading Day, its good faith estimate of the value for the relevant security or other property as of

the Valuation Time on that eighth or (as the case may be) thirtieth Scheduled Trading Day); and

- (2) in respect of an Equity-Linked Note or a Cash Equity Note, that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that eighth Scheduled Trading Day;
- (B) in the case of an Index-Linked Note which relates to a basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the eight succeeding Scheduled Trading Days is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine in its absolute discretion that either:
- (1) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or
  - (2) the Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Valuation Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is Disrupted Day,

and, in each case, the Calculation Agent shall determine, in its sole and absolute discretion, the level of that Index, as of the Valuation Time on that eighth or (as the case may be) thirtieth Scheduled Trading Day in accordance with the formula for and method of calculating that 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 (or as the case may be) thirtieth Scheduled Trading Day of each security or other property comprised in the relevant Index (or, if an event giving rise to a Disrupted Day has occurred in respect to the relevant security or other property on that eighth (or as the case may be) thirtieth Scheduled Trading Day, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on that eighth (or as the case may be) thirtieth Scheduled Trading Day); and

- (C) in the case of an Equity-Linked Note or a Cash Equity Note which, in each case, relates to a basket of Securities, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Security, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (1) that eighth Scheduled

Trading Day shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine, in its sole and absolute discretion, its good faith estimate of the value for that Security as of the Valuation Time on that eighth Scheduled Trading Day.

- (ii) If Averaging Dates are specified in the relevant Final Terms, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:
- (A) For the purpose of determining the Relevant Price in respect of a Valuation Date, the Final Price will be:
- (1) in respect of an Index-Linked or an Equity-Linked Note settled by way of Cash Settlement or a Cash Equity Note which, in each case, relates to a single Security or Index (as the case may be), the arithmetic mean of the Relevant Prices of the Index or the Security on each Averaging Date;
  - (2) in respect of an Index-Linked Note which relates to a basket of indices, the arithmetic mean of the amounts for such basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Relevant Prices of each Index comprised in such basket (weighted or adjusted in relation to each Index as provided in the relevant Final Terms); and
  - (3) in respect of an Equity-Linked Note settled by way of Cash Settlement or Cash Equity Note which relates to a basket of Securities, the arithmetic mean of the prices for such basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the prices for such basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Relevant Price of such Security and (bb) the number of such Securities comprised in such basket.
- (B) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Final Terms in relation to "**Averaging Date Market Disruption**" is:
- (1) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Final Price *provided that*, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 21(e)(i) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day. If any Averaging Dates in relation to a

Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date;

(2) "**Postponement**", then Condition 21(e)(i) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the relevant Notes. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

(3) "**Modified Postponement**", then:

(aa) in the case of an Index-Linked Note or an Equity-Linked Note or a Cash Equity Note which relates to a single Index or type of Security, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date (the "**Scheduled Final Averaging Date**") in relation to the relevant Scheduled Valuation Date, then:

(i) in respect of an Index-Linked Note, the Calculation Agent shall determine in its absolute discretion that either:

(x) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date, (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date); or

(y) the Averaging Date shall be the first succeeding Valid Date, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Final Averaging Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that thirtieth Scheduled Trading Day is already an Averaging Date),

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 21(e)(i)(A)(1); and

- (ii) in respect of an Equity-Linked Note or a Cash Equity Note, that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant price for that Averaging Date in accordance with Condition 21(e)(i)(A)(2); and
- (bb) in the case of an Index-Linked Note, an Equity-Linked Note or a Cash Equity Note which relates to a basket of Indices or Securities, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Final Terms as an Averaging Date in relation to the relevant Valuation Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the Scheduled Final Averaging Date, then:
  - (i) in respect of an Index-Linked Note, the Calculation Agent shall determine in its absolute discretion that either:
    - (x) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date, (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index; or
    - (y) the Averaging Date shall be the first succeeding Valid Date, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Final Averaging Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that thirtieth Scheduled Trading Day is already an Averaging Date) in relation to such Index,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 21(e)(i)(B); and

- (ii) in respect of an Equity-Linked Note or a Cash Equity Note, that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant amount for that Averaging Date in accordance with Condition 21(e)(i)(C)(2).

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

- (C) If (1) on or prior to any Averaging Date, in respect of an Index-Linked Note, an Index Modification or Index Cancellation occurs, or (2) on any Averaging Date in respect of an Index-Linked Note an Index Disruption Event occurs, then the Calculation Agent shall determine, in its sole and absolute discretion, the Final Price using, in lieu of a published level of the relevant Index, the level for that Index as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on any relevant Exchange).

(f) *Adjustments to Indices*

This Condition 21(f) is applicable only in relation to Index-Linked Notes.

(i) **Successor Index**

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the 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) **Index Adjustment Events**

If (A) on or prior to any Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that 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 or other routine events) (an "**Index Modification**") or permanently cancels the Index (an "**Index Cancellation**"), or (B) on any Valuation Date the 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 Calculation Agent shall determine, in its sole

and absolute discretion, the Final Price using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in its sole and absolute discretion 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 that comprised that Index immediately prior to that Index Adjustment Event.

(iii) Correction of Index Levels

If the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Notes is subsequently corrected and the correction is published by the Index Sponsor within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Notes to account for such correction *provided that* if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Notes and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Noteholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Noteholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(g) *Adjustments and Events affecting Securities*

This Condition 21(g) is applicable only in relation to Equity-Linked Notes and Cash Equity Notes.

(i) Potential Adjustment Events

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will, in its sole and absolute discretion, determine, whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the formula for the Final Redemption Amount set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to account for that diluting or concentrative effect and determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s).

(ii) Extraordinary Events

Following the occurrence of any Extraordinary Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount, as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

(iii) Conversion

In respect of an Equity-Linked Note or a Cash Equity Note which relates to debt securities, following the occurrence of any Conversion, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Notes will continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the Notes shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the formula for the Final Redemption Amount set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, number of or type of shares, other securities or other property which may be delivered under such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment and determine, in its sole and absolute discretion, the effective date(s) of such adjustment. If the Calculation Agent determines, in its sole and absolute discretion, that the Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion (and, but without prejudice to the foregoing, the entitlements of the Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount, as the case may be, shall cease) and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount as, in the opinion of the Calculation Agent (such opinion to be made by the Calculation Agent in its sole discretion) is fair in the circumstances by way of compensation for the termination of the Notes.



(iv) Correction of Prices

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Notes is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Notes to account for such correction *provided that* if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Notes and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Noteholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Noteholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(h) *Additional Disruption Events*

Following the occurrence of any Additional Disruption Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount, as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

For the purposes any Series of Notes, "**Additional Disruption Event**" means any event specified as such in the relevant Final Terms, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Final Terms:

- (i) "**Change in Law**" means that, on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation 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 Issuer determines in its sole and absolute discretion that (x) it has become illegal for the Issuer to hold, acquire or dispose of Securities or (y) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

- (ii) "**Hedging Disruption**" means that the Issuer 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 price risk of 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); and
- (iii) "**Increased Cost of Hedging**" means that the Issuer would incur a materially increased costs (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s), *provided that* any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.
- (i) *Effects of European Economic and Monetary Union*

Following the occurrence of an EMU Event, the Calculation Agent shall make such adjustment (and determine, in its sole and absolute discretion, the effective date of such adjustment) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount set out in the relevant Final Terms, the formula for and method of calculating the relevant Index and/or the securities or other property comprising the relevant Index, the number of and type of Securities to which each Note relates, the number of and type of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered under such Notes and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes.

Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to make such conversions between amounts denominated in the national currency units (the "**National Currency Units**") of the Participating Member States and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversion rates and rounding rules in Regulation (EC) No. 1103/97 as it, in its sole and absolute discretion, determines to be appropriate.

Neither the Issuer nor the Calculation Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.

For the purposes hereof:

"**EMU Event**" means the occurrence of any of the following, as determined by the Calculation Agent, in its sole and absolute discretion:

- (i) the redenomination of any security into euro;
- (ii) the change by any organised market, exchange or clearing, payment or settlement system in the unit of account of its operating procedures to the euro;
- (iii) any change in the currency of denomination of any Index; or
- (iv) any change in the currency in which some or all of the securities or other property comprising any Index is denominated.

**"Participating Member State"** means any member state of the European Union which adopts the single currency in accordance with the Treaty.

(j) *Other Adjustments*

Upon the occurrence of any event(s) that the Calculation Agent determines (in its discretion, but acting reasonably) affects or could potentially affect the value of an Index-Linked Note, an Equity-Linked Note or a Cash Equity Note, the Calculation Agent may (in its discretion, but acting reasonably) make any additional adjustments to the Strike Price, the number and/or type of Securities and/or Indices to which such an Index-Linked Note, an Equity-Linked Note or a Cash Equity Note relates, and to any other exercise, settlement, payment or other term of such an Index-Linked Note, an Equity-Linked Note or a Cash Equity Note including, without limitation, the amount, number or type of cash, shares, other securities or property which may be transferred under such Index-Linked Note, an Equity-Linked Note or a Cash Equity Note, and determine the effective date(s) of such adjustments.

### Additional Provisions relating to certain Equity-Linked Notes and Cash Equity Notes

The terms and conditions of Equity-Linked Notes and Cash Equity Notes shall consist of Condition 21 as set out in the section "Additional Provisions in respect of Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes", the "Terms and Conditions of the Notes" set out in "Part B - Information about the Notes generally" of this Base Prospectus and any additional terms and conditions specified in the Final Terms.

#### Auto Callable Notes

Equity-Linked Notes and Cash Equity Notes may include Notes referred to as "**Auto Callable Equity-Linked Notes (interest bearing)**" and "**Auto Callable Equity-Linked Notes (non-interest bearing)**".

#### *Auto Callable Equity-Linked Notes (interest bearing)*

Unless redeemed prior to maturity, Auto Callable Equity-Linked Notes (interest bearing) bear interest payable annually on scheduled interest payment dates at a specified rate and are linked to the performance of a Reference Asset as determined by the Calculation Agent. The performance of the Reference Asset on particular dates may result in the redemption of Auto Callable Equity-Linked Notes (interest bearing) prior to their scheduled maturity at a premium to their nominal amount. The performance of the Reference Asset will also determine the basis for redemption of Auto Callable Equity-Linked Notes (interest bearing) at their scheduled maturity. If the Calculation Agent determines on the Valuation Date that the Final Price or Closing Price (as defined in the relevant Final Terms) of the Reference Asset is greater than the Barrier Level (as defined in the relevant Final Terms) of such Reference Asset, Auto Callable Equity-Linked Notes (interest bearing) will be redeemed on their scheduled maturity at a premium to their nominal amount. Otherwise Auto Callable Equity-Linked Notes (interest bearing) will be redeemed at an amount less than their nominal amount and equal to the product of such nominal amount and the performance of the Reference Asset during the relevant period plus a specified margin, as determined by the Calculation Agent. Auto Callable Equity-Linked Notes (interest bearing) are also redeemable prior to their scheduled maturity in certain circumstances at an amount determined by HSBC Bank plc as Calculation Agent which may be less than their nominal amount.

Terms relating to such early redemption and basis for redemption at maturity may be included in the applicable Final Terms in or substantially in the following form (the number of Early Release Dates, and any figures specified in such form, being for illustrative purposes only):

#### "[1] **Early Redemption**

Unless the Notes have been previously redeemed, or purchased and cancelled in accordance with the Conditions, the Issuer may have to redeem all (but not some only) of the Notes on the relevant Early Redemption Date in accordance with the provisions below.

- [1].1 If on the First Early Release Date, the Release Price is [greater than/greater than or equal to] *[the Initial Price/specify other relevant price or value if relevant]*, the Issuer shall redeem the Notes on the First Early Redemption Date at *[specify amount, e.g. 105 per cent. of the Nominal Amount]*.
- [1].2 If on the Second Early Release Date, the Release Price is [greater than/greater than or equal to] *[the Initial Price/specify other relevant price or value if relevant]*, the Issuer shall redeem the Notes on the Second Early Redemption Date at *[specify amount, e.g. 110 per cent. of the Nominal Amount]*.

[2] **Final Redemption**

- [2].1 If, on the Valuation Date, the Calculation Agent determines that the Final Price is greater than or equal to the Initial Price, the Issuer shall redeem the Notes by paying on the Maturity Date an amount in the Specified Currency in respect of each Note equal to *[specify amount, e.g. 115 per cent. of the Nominal Amount]*.
- [2].2 If, on the Valuation Date, the Calculation Agent determines that the Final Price is less than the Initial Price but greater than the Barrier Level, the Issuer shall redeem the Notes by paying on the Maturity Date an amount in the Specified Currency in respect of each Note equal to *[specify amount, e.g. 90 per cent. of the Nominal Amount]*.
- [2].3 Subject to the other provisions of these Final Terms and the Conditions, if the Calculation Agent determines on the Valuation Date that the Final Price is less than or equal to the Barrier Level, the Issuer shall redeem the Notes by paying on the Maturity Date an amount in the Specified Currency in respect of each Note determined by the Calculation Agent in accordance with the following formula:

$$[\textit{specify Denomination}] \times \left[ \left[ 100\% \times \left( \frac{\textit{Final Price}}{\textit{Initial Price}} \right) \right] \left[ +[\textit{specify \% , if relevant}] \right] \right],$$

and Condition 6(a) shall not apply.

[3] **Additional Definitions**

In these Final Terms:

**"Barrier Level"** means *[specify level]* per cent. of the Initial Price.

**"Basket Value"** means, subject to the Conditions *[include formula for defining Basket Value]*

**"Early Redemption Date"** means each of *[specify date]* (the **"First Early Redemption Date"**) and *[specify date]* (the **"Second Early Redemption Date"**) or if such date is not a Scheduled Trading Day the next following Scheduled Trading Day.

**"Early Release Date"** means each of *[specify date]* (the **"First Early Release Date"**) and *[specify date]* (the **"Second Early Release Date"**). The Early Release Dates shall be subject to Condition 21 as if each reference to "Valuation Date" in such Condition was deemed to be a reference to "Early Release Date". If, pursuant to Condition 21, an Early Release Date is postponed until *[specify date]* or *[specify date]* respectively and either such day is not a Scheduled Trading Day or is a Disrupted Day, such date shall nevertheless be deemed to be the Early Release Date and the Release Price shall be the price determined by the Calculation Agent in its sole and absolute discretion.

**"Initial Price"** means, subject to the Conditions, the price per Security on the Exchange at the Valuation Time on the Strike Date, as determined by the Calculation Agent.]

**"Release Price"** means, with respect to an Early Release Date and subject to the Conditions, the *[price per Security on the Exchange Basket Values]* at the Valuation Time on such Early Release Date, as determined by the Calculation Agent.

**"Strike Date"** means *[specify date].]*

*Auto Callable Equity-Linked Notes (non-interest bearing)*

Auto Callable Equity-Linked Notes (non-interest bearing) do not bear interest and are linked to the performance of the Reference Asset as determined by the Calculation Agent. The performance of the Reference Asset on particular dates may result in the redemption of Auto Callable Equity-Linked Notes (non-interest bearing) prior to their scheduled maturity at a premium to their nominal amount. The performance of the Reference Asset will also determine the basis for redemption of Auto Callable Equity-Linked Notes (non-interest bearing) at their scheduled maturity and whether any Early Redemption (as may be specified in the relevant Final Terms) has occurred. Auto Callable Equity-Linked Notes (non-interest bearing) will be redeemed on their scheduled maturity at a premium to their nominal amount if the Final Price or Closing Price (as defined in the relevant Final Terms) is not less than the Initial Price (as defined in the relevant Final Terms). *Provided that* an Early Redemption has not occurred, if the Final Price or Closing Price is less than the Initial Price (the "**Final Difference**") Auto Callable Equity-Linked Notes (non-interest bearing) may be redeemed at a reduced premium, at their nominal amount or at an amount which is less than their nominal amount, depending on the amount of the Final Difference. Auto Callable Equity-Linked Notes (non-interest bearing) are also redeemable prior to their scheduled maturity in certain circumstances at an amount determined by the Calculation Agent which may be less than their nominal amount.

Terms relating to such early redemption and basis for redemption at maturity may be included in the applicable Final Terms in or substantially in the following form (the number of Early Release Dates, and any figures specified in such form being for illustrative purposes only):

**"[1] Early Redemption**

Unless the Notes have been previously redeemed, or purchased and cancelled in accordance with the Conditions, the Issuer may have to redeem all (but not some only) of the Notes on the relevant Early Redemption Date in accordance with the provisions below.

- [1].1 If, on the First Early Release Date, the Release Price is [greater than/greater than or equal to] the Initial Price, the Issuer shall redeem the Notes on the First Early Redemption Date at [*specify amount, e.g. [105] per cent. of the nominal amount*].
- [1].2 If, on the Second Early Release Date, the Release Price is greater than or equal to the Initial Price, the Issuer shall redeem the Notes on the Second Early Redemption Date at [*specify amount, e.g. [110] per cent. of the nominal amount*].

**[2] Final Redemption**

- [2].1 Unless the Notes have previously been redeemed or purchased and cancelled, if the Calculation Agent determines that the Final Price is greater than or equal to the Initial Price, the Issuer shall redeem the Notes at [*specify amount, e.g. [115] per cent. of the nominal amount*] on the Maturity Date.
- [2].2 Unless the Notes have previously been redeemed or purchased and cancelled, if the Calculation Agent determines that the Final Price is less than the Initial Price but greater than or equal to [*specify amount, e.g. [105] per cent. of the Initial Price*], the Issuer shall redeem the Notes at their nominal amount on the Maturity Date.
- [2].3 Subject to the other provisions of these Final Terms and the Conditions, if the Final Price is less than [*specify amount, e.g. [85] per cent. of the Initial Price*], the Issuer shall redeem the Notes

on the Maturity Date by paying an amount in [*specify currency*] determined by the Calculation Agent in accordance with the following formula:

$$[\textit{specify Denomination}] \times \left[ [100]\% + \min \left[ 0; \frac{\textit{Final Price} - ([85]\% \times \textit{Initial Price})}{[85]\% \times \textit{Initial Price}} \right] \right],$$

and Condition 6(a) shall not apply.

[3] **Additional Definitions**

In these Final Terms:

**"Basket Value"** means [*include formula for defining Basket Value*].

**"Early Release Date"** means each of [*specify date*] (the **"First Early Release Date"**), and [*specify date*] (the **"Second Early Release Date"**). The Early Release Dates shall be subject to Condition 21 as if each reference to "Valuation Date" in such Condition was deemed to be a reference to "Early Release Date". If any of such days is not a Scheduled Trading Day or is a Disrupted Day, such date shall nevertheless be deemed to be the Early Release Date and the Release Price shall be the price determined by the Calculation Agent in its sole and absolute discretion.

**"Early Redemption Date"** means each of [*specify date*] (the **"First Early Redemption Date"**) and [*specify date*] (the **"Second Early Redemption Date"**) or if such date is not a Scheduled Trading Day the next following Scheduled Trading Day.

**"Initial Price"** means [*specify amount*].

**"Release Price"** means, subject to the Conditions, the [price per Security on the Exchange/Basket Value] at the Valuation Time on the relevant Early Release Date, as determined by the Calculation Agent."

**Exchangeable Notes**

Equity-Linked Notes may include terms providing for the exchange of such Notes for a Reference Asset at the option of Noteholders and/or automatically in certain events (which may include the price of the specified Security or, as the case may be, value for the relevant Basket on one or more dates falling prior to the scheduled Redemption Date being, as specified in the applicable Final Terms, "greater than", "greater than or equal to", "equal to", "less than or equal to" or "less than" the Strike Price or such other price or value as may be specified in the applicable Final Terms). Such terms may be included in the applicable Final Terms in or substantially in the following form (any figures specified in such form being for illustrative purposes only):

"[1] **Interpretation**

[1].1 **Definitions:** As used herein:

**"Automatic Exchange Date"** means [*specify date*] (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day);]

**"Basket "** means [*include definition specifying reference numbers of Securities comprised in the Basket*];]

"**Board Lot**" means (i) the applicable minimum board lot for the trading of the Securities on the Exchange as from time to time specified by the Exchange or (ii), when no such minimum board lot exists, one Security;

"**Exchange Amount**" means, in respect of any Note, the Number of [Securities/Baskets] together with any Fractional Share Amount[s] to which the Noteholder may be entitled in accordance with paragraphs [2] (*Final Redemption Amount and Physical Settlement*) and [3] (*Determination of Exchange Amount*) below;

"**Exchange Date**" means the [*third*] Clearance System Business Day following the relevant Valuation Date;

"**Exchange Event**" means [either (i)] the delivery by the Noteholder on any day during the Exchange Period of an Exercise Notice to the Issuer by which the Noteholder exercises its Exchange Right [or (ii) the occurrence of an Automatic Exchange Event (as defined in paragraph [2].2 (*Final Redemption Amount and Physical Settlement - Physical Settlement*)) on the Automatic Exchange Date];

"**Exchange Period**" means the period beginning on and including the Issue Date and ending on and including the close of business (in the city of the Specified Office of the Calculation Agent) on [*specify date*]/if applicable the Automatic Exchange Date].

"**Exchange Price**" means [*specify price*]/"**Exchange Value**" means [*specify value*].

"**Exchange Ratio**" means [*specify number*] Securities/Baskets per Note of [*specify amount*] Specified Denomination;

"**Exchange Right**" means the Noteholder's right to exchange the Note for [Securities/Baskets] during the Exchange Period;

"**Exercise Date**" means any day during the Exchange Period on which the Noteholder initiates an Exchange Right by sending an Exercise Notice to the Issuer;

"**Exercise Notice**" means the notice from the Noteholder to the Issuer by which the Noteholder exercises its Exchange Right, specifying the reference of the Notes (*Issue of [specify title of Notes]*), the number of Notes and the aggregate principal amount of Notes in respect of which the Exchange Right is exercised; any Exercise Notice shall be deemed delivered to the Issuer when sent by fax to the Calculation Agent (Fax number: [*specify fax number*], attention: [*specify name or title*] or by mail to its Specified Office;

"**Fractional Share Amount**" has the meaning given in paragraph [3].2 (*Fractional Share Amount*);

"**Number of [Securities/Baskets]**" means, in respect of any Note, the number of [Securities/Baskets] to which a Noteholder may be entitled in accordance with paragraphs [2] (*Final Redemption Amount and Physical Settlement*) and [3] (*Determination of Exchange Amount*);

"**Official Closing Price**" means, in relation to the Securities and any particular Scheduled Trading Day, the price of the Securities at the Valuation Time on the Exchange on that Scheduled Trading Day, as determined by the Calculation Agent/ "**Official Closing Value**" means [include definition based on respective prices of the Securities comprising the Basket at



the Valuation Time on the relevant Exchange on the relevant Scheduled Trading Day as determined by the Calculation Agent];

"**Physical Settlement**" has the meaning given in paragraph [2].2 (*Final Redemption Amount and Physical Settlement - Physical Settlement*);

"**Specified Office**" means the [*specify office*], or any other office of the Calculation Agent, from time to time notified to the Noteholders by the Calculation Agent as its specified office;

"**Strike Price**" means [*specify price*] per Security;

"**Trade Date**" means [*specify date*];

"**Valuation Date**" means, subject to paragraph 7 (*Disrupted Days and Postponement*), [either] the [*ffth*] Scheduled Trading Day following the Exercise Date (if applicable) [or the Automatic Exchange Date] (or, if [any] such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day);

all as calculated or determined, if necessary, by the Calculation Agent.

[1].2 **Construction:** In this Annex each reference to a paragraph shall be construed as a reference to a paragraph of this Annex.

[1].3 **The Conditions:** In the event of any inconsistency between the Conditions and the provisions of this Annex, the provisions of this Annex shall prevail.

[2] **Final Redemption Amount and Physical Settlement**

[2].1 **Final Redemption Amount:** Unless previously redeemed or purchased and cancelled, or Physical Settlement applies, each Note shall be redeemed on the Maturity Date at par.

[2].2 **Physical Settlement:** In respect of any Note, physical delivery of the Number of [Securities/Baskets] and the Fractional Share Amount (if any) ("**Physical Settlement**") applies if:

[2].2.1] at any time during the Exchange Period, the relevant Noteholder delivers an Exercise Notice in accordance with the provisions of this Annex]; or

[2].2.2 on the Automatic Exchange Date, the Official Closing [Price/Value] is above the Exchange Price (an "**Automatic Exchange Event**").

[2].3 **Payment/Exchange:** If Physical Settlement applies in respect of any Note, the right of the relevant Noteholder to repayment of all outstanding amounts shall cease and in consideration and in exchange therefor the Issuer shall deliver the relevant Exchange Amount to or to the order of such Noteholder in accordance with, and subject to, the provisions of this Annex.

[3] **Determination of Exchange Amount**

[3].1 **Number of [Securities/Baskets]:** If Physical Settlement applies, each Noteholder shall receive a Number of [Securities/Baskets] determined by the Calculation Agent [to be equal to the

product of the Exchange Ratio and the number of Notes to be exchanged/] in accordance with the following formula<sup>24</sup>:

$[Cr * Ma$

Where:

"Cr" means the product of the Exchange Ratio and the number of Notes to be exchanged;

"Ma" means the Dividend Adjustment Multiplier on the relevant Valuation Date which has a value equal to 1.00 on the Trade Date *provided that*:

- (i) If a Dividend Amount (cash ordinary dividend only) declared on a relevant Ex-Dividend Date during the Term of the Notes is less than or greater than Expected Net Dividend Amount per Security on such relevant Ex-Dividend Date (as outlined below); or
- (ii) If any other Dividend Amount is declared on a relevant ex-dividend date (other than on a relevant Ex-Dividend Date) during the Term of the Notes,

in either case as determined by the Calculation Agent (a "**Dividend Mismatch Event**"), then the Calculation Agent shall notify the Issuer and the Noteholder of:

- (a) the occurrence of a Dividend Mismatch Event;
- (b) the consequences of such Dividend Mismatch Event which shall be determined by the Calculation Agent in its sole and absolute discretion and which may include an adjustment to the, Exchange Ratio or any other variable relevant to the redemption, settlement or payment terms of the Notes to account for the Dividend Mismatch Event (each an "**Adjustment**"); and
- (c) the effective date of such Adjustment as determined by the Calculation Agent in its sole and absolute discretion.

Where:

"**Dividend Amount(s)**" means, either (a) any cash dividend per Security (excluding any extraordinary dividends and any other form of non-cash dividend) actually received by the Hedging Party during the Term of Notes or (b) any ordinary scrip dividend per Security delivered by the issuer of the Security to holders of record during the Term of Notes;

"**Ex-Dividend Date**" means the dates as set out in the table below:

Ex-Dividend Date	Expected Net Dividend Amount (USD)
[specify dates]	[specify expected Net Dividend Amounts are USD amounts]

<sup>24</sup> The following formula and related definitions are provided for illustrative purposes only and relating to a single share.

"**Expected Net Dividend Amount**" means, in respect of an Ex-Dividend Date, an amount in the Specified Currency as set out in accordance with the corresponding figure in the right-hand column of the table above;

"**Hedging Party**" means the Issuer or any counterparty to the Issuer in relation to any hedge(s) to the issue of the Notes, or any of affiliate or subsidiary of the Issuer or the Issuer's counterparty; and

["**Term**" means any day during the period from and including the Trade Date to and excluding the Valuation Date./the quantity of any Security comprised in the Number of Baskets]

- [3].2 **Fractional Share Amount:** In circumstances where the [Number of Securities/the quantity of any Security comprised in the Number of Baskets] is not equal to an integral multiple of the relevant Board Lot, the Issuer may, subject to the terms herein, pay to the Noteholder a cash payment in [*specify currency*] (the "**Fractional Share Amount**") determined by the Calculation Agent in accordance with the following formula:

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

*Where:*

"**A**" means the [Number of Securities/the quantity of the relevant Security comprised in the Number of Baskets];

"**B**" means the [Number of Securities/the quantity of the relevant Security comprised in the Number of Baskets] as rounded down to the nearest integral multiple of the relevant Board Lot;

"**C**" means the Official Closing Price of the [relevant] Security on the relevant Valuation Date.

Unless the amount of any such Fractional Share Amount is of a *de minimis* amount, in which case the Noteholder shall not receive anything in respect of the Securities comprised in the Number of [Securities/Baskets] which are not equal to an integral multiple of the relevant Board Lot.

Upon the occurrence of an Exchange Event, the Calculation Agent shall, as soon as practicable after the relevant Valuation Date, give notice to the Issuer of the relevant Exchange Amount.

- [3].3 **Notice:** If Physical Settlement applies the Calculation Agent shall, as soon as practicable after the relevant Valuation Date, give notice to the Issuer of the relevant Exchange Amount.

[4] **Settlement**

- [4].1 **Delivery on the Exchange Date:** If Physical Settlement applies the Issuer, which may be through the Calculation Agent, shall deliver the Exchange Amount to the relevant Noteholder through the Clearance System on the relevant Exchange Date, subject as provided in this paragraph [4] and paragraph [5] (*Exchange*).

- [4].2 **Settlement Disruption:** If a Settlement Disruption Event prevents the Issuer from effecting delivery of any Securities on the day on which it would otherwise have effected delivery, the Issuer shall instead pay the relevant Fractional Share Amount (if any) comprised in the Exchange Amount on the Exchange Date and effect delivery of the [Number of Securities/remaining Securities comprised in the Number of Baskets] comprised in the Exchange Amount on the first succeeding day on which delivery of the Securities can take place through the relevant Clearance System unless a Settlement Disruption Event prevents the Issuer from

delivering such Securities on each of the 10 Clearance System Business Days immediately following the original date on which the Issuer would, but for the Settlement Disruption Event, have effected delivery thereof. In that case:

- [4].2.1 if the Calculation Agent determines that the Securities can be delivered in any other commercially reasonable manner, then delivery of the [Number of Securities/remaining Securities comprised in the Number of Baskets] comprised in the Exchange Amount shall be effected on the first day on which settlement of a sale of Securities executed on that tenth Clearance System Business Day customarily would take place using such other commercially reasonable manner of delivery of the Securities (which other manner of delivery will be deemed the Clearance System for the purposes of delivery of the relevant Securities); or
- [4].2.2 if the Calculation Agent determines that the Securities cannot be delivered in any other commercially reasonable manner, then delivery of the [Number of Securities/remaining Securities comprised in the Number of Baskets] comprised in the Exchange Amount will be postponed until such day as the Calculation Agent determines that it can be effected through the Clearance System or in any other commercially reasonable manner.
- [4].3 **Manner of delivery:** For the avoidance of doubt, the Issuer makes no representation that the Securities [comprising the Basket] will be deliverable in any particular manner or to any particular Noteholder. Furthermore, the Issuer will not be obliged to procure the issue of new Securities for the purposes of satisfying the obligations of the Issuer under this paragraph [4].

[5] **Exchange**

- [5].1 **Procedure for exchange:** If Physical Settlement applies, in order to receive the Exchange Amount to which it is entitled each Noteholder must promptly:
  - [5].1.1 complete, execute and deposit at the Noteholder's own expense during normal business hours at the Calculation Agent's Specified Office any documents which may be required by any of (a) the laws of England, (b) the jurisdiction in which the Calculation Agent's Specified Office is then located or (c) the jurisdiction in which the Underlying Company is incorporated to effect delivery of the Exchange Amount to, or to the order of, the Noteholder;
  - [5].1.2 transfer its Notes together with any amount to be paid by the Noteholder pursuant to this paragraph [5] and/or under paragraph [6] (*Expenses and taxes*) to the account of the Calculation Agent with Euroclear and/or Clearstream, Luxembourg;
  - [5].1.3 provide to the Calculation Agent and the Issuer in writing details of the accounts with the Clearance System to which the Issuer is to deliver the Exchange Amount and/or any other details which may be necessary in order to effect delivery of the Securities and, where applicable, any cash pursuant to paragraph [5].1.2; and
  - [5].1.4 represent in writing, delivered to the Calculation Agent, that at the time of exercising their Exchange Right and further at the time of complying with paragraphs [5].1.1 to [5].1.3 such Noteholder or, if different, the person who has the beneficial interest in that Note, is not, and is not acting for the account or benefit of, a US person in the United States (within the meaning of Regulation S under the United States Securities Act of 1933 ("**Regulation S**")) and it, or such person, purchased such Note, or the

beneficial interest therein, in a transaction made in accordance with Rule 903 or Rule 904 of Regulation S.

[5].2 **Failure to give U.S. certification:** If the Noteholder is unable or otherwise fails to satisfy paragraph [5].1.4, the Noteholder may transfer its Note or, the holder of a beneficial interest therein may transfer the beneficial interest therein, subject to compliance with all applicable selling restrictions (as described in the Prospectus and/or elsewhere in these Final Terms) and with any applicable laws.

[5].3 **Failure to satisfy conditions for exchange:** If:

[5].3.1 Physical Settlement applies; and

[5].3.2 a Noteholder fails to take any of the actions referred to in paragraphs [5].1.1 to [5].1.4 within [20] Scheduled Trading Days after and including the Valuation Date,

then the Issuer shall be entitled to sell those Securities which it otherwise would have been obliged to deliver, and to pay the proceeds from such sale (calculated in accordance with paragraph [5].4 (*Exchange - Proceeds of sale*)) to the Noteholder.

[5].4 **Proceeds of sale:** For the purposes of paragraph [5].3 (*Exchange - Failure to satisfy conditions for exchange*), the proceeds of sale of any Securities shall be the amount which the Issuer or the Calculation Agent on its behalf actually receives as consideration for the sale of the relevant Securities together with any amounts paid by the relevant Noteholder pursuant to paragraph [5].1.2 and/or pursuant to paragraph [6] (*Expenses and taxes*), *provided that* the Issuer shall not be obliged to pay to the Noteholder any amount, calculated by the Calculation Agent, which is in excess of the amount for which such Securities could have been sold on the Exchange Date (together with any amounts paid by the relevant Noteholder pursuant to paragraph [5].1.2 and/or pursuant to paragraph [6] (*Expenses and taxes*), but after deduction of the expenses and taxes in respect of such sale).

[6] **Expenses and taxes**

As conditions precedent to exchange of any Note, the relevant Noteholder must pay to the Calculation Agent all stamp, issue, registration, transfer or other taxes and duties, including withholding taxes (if any) arising on exchange which may be determined by the Calculation Agent to be payable:

[6].1 in the country in which the Calculation Agent's Specified Office is situated; or

[6].2 in any other jurisdiction as a result of the issue or delivery of Securities or any other property or cash upon exchange to or to the order of the exchanging Noteholder.

[7] **Disrupted Days and Postponement**

[7].1 **Valuation Date:** The provisions of Condition 21(e) shall apply subject as mentioned in this paragraph [7].

[7].2 **Delayed valuation:** If, by reason of any Disrupted Days the Valuation Date falls on, after or less than one Business Day before the Exchange Date or the Maturity Date, as the case may be, payment of principal and interest (if any) or the Exchange Amount, as the case may be, on the Notes otherwise due on the Maturity Date shall be postponed until the Valuation Date has been ascertained, notice has been given to the Issuer in accordance with paragraph [3].3

(*Determination of Exchange Amount - Notice*) and the Issuer has had a reasonable opportunity to effect any such payment.

[7].3 **Risk of any postponement:** The risk of any postponement of payment of the principal and/or interest (if any) due to the occurrence of a Disrupted Day shall be borne by the Noteholders, and no Noteholder shall be entitled to any payment or compensation whatsoever, in respect of such postponement or of any loss suffered or incurred by such Noteholder by reason of such postponement.

[8] **Rights Arising on Exchange**

[8].1 **Dividends:** Securities issued on exchange of a Note will be fully paid up and will rank pari passu in all respects with all other fully paid Securities of the same class outstanding on the Exchange Date, subject as provided in paragraph [8].2 (*Rights Arising on Exchange - Pre-Exchange Date Dividends*) and paragraph [8].3 (*Rights Arising on Exchange - Voting rights*), will be entitled to all rights, distributions or payments in respect of such Securities with effect from and including the Exchange Date.

[8].2 **Pre-Exchange Date dividends:** The exchanging Noteholder will not be entitled to receive any dividend or other distribution declared, paid or made, or any rights granted, on any Securities if the date on which the Securities are first traded on the Exchange such dividend, distribution or rights falls on or before the Exchange Date.

[8].3 **Voting rights:** The exchanging Noteholder will not be entitled to any voting rights accruing to shareholders for which the record date for determining entitlement to voting rights precedes the Exchange Date."

**Variable Interest Amount**

Equity-Linked Notes and Cash Equity Notes may include terms providing for the payment of interest linked to the price or performance of one or more relevant Securities determined as specified in the applicable Final Terms and by reference to a formula or otherwise. The calculation of such interest may take into account the price or performance of a Security against a specified benchmark and/or (where the Notes relate to a Basket of Securities) relative to the price or performance of one or more other Securities comprised in the Basket. Such terms may be included in the applicable Final Terms in or substantially in the following form (any figures specified in such form being for illustrative purposes only):

"[1] **Interest**

In respect of each Note, the amount of interest payable on each Interest Payment Date shall be an amount in [specify currency] (the "Interest Amount") determined by the Calculation Agent as of the Valuation Date falling immediately prior to such Interest Payment Date in accordance with the following formula:

$$[\textit{specify amount}] \times [ \textit{Max} [\textit{specify min \% , if relevant}] \% ; [ \textit{specify benchmark} ] \% - ( \textit{BO}_j - \textit{WO}_j ) ] ]$$

where

"k" denotes each Security in the Basket, 1 to [specify number of indices].

"BO<sub>j</sub>" means, in respect of each Valuation Date<sub>j</sub>, a value determined by the Calculation Agent in accordance with the following formula:

$$\text{Max}_{k=1 \text{ to } 5} \left( \frac{S_j^k - S_{\text{initial}}^k}{S_{\text{initial}}^k} \right)$$

"WOj" means, in respect of each Valuation Date<sub>j</sub>, a value determined by the Calculation Agent in accordance with the following formula:

$$\text{Min}_{k=1 \text{ to } 5} \left( \frac{S_j^k - S_{\text{initial}}^k}{S_{\text{initial}}^k} \right)$$

where

"S<sub>initial</sub><sup>k</sup>" means, in respect of each Security<sub>k</sub>, [*identify relevant level*].

"S<sub>j</sub><sup>k</sup>" means, in respect of each Security<sub>k</sub> and Valuation Date<sub>j</sub> and subject to Condition 21 and paragraph 40 (Valuation Date(s)) of these Final Terms, the price of per Security on the Exchange at the Valuation Time on such Valuation Date<sub>j</sub>, as determined by the Calculation Agent." ]

#### Variable Redemption Amount

Equity-Linked Notes and Cash Equity Notes may include terms providing for the payment of a Redemption Amount linked to the price or performance of one or more relevant Securities determined as specified in the applicable Final Terms and by reference to a formula or otherwise. Such Redemption Amount may vary according to whether the price of the specified Security or, as the case may be, value for the relevant Basket on one or more dates falling prior to the scheduled Redemption Date is greater than, greater than or equal to, equal to, less than or equal to or less than the Strike Price or such other price or value as may be specified in the applicable Final Terms. Such terms may be included in the applicable Final Terms in or substantially in the following form (any figures specified in such form being for illustrative purposes only):

#### [1] Final Redemption

Unless the Notes have been previously redeemed, or purchased and cancelled in accordance with the Conditions:

- [1].1 If the Calculation Agent determines that the Closing Price is [greater than/greater than or equal to] the Initial Price, the Issuer shall redeem the Notes at [*specify amount, e.g. [110] per cent. of their Nominal Amount*] on the Maturity Date.
- [1].2 If the Calculation Agent determines that the Closing Price is [equal to or] less than the Initial Price but greater than [or equal to] [[ ] per cent. of the Initial Price/other amount - specify], the Issuer shall redeem the Notes at [*specify amount, e.g. their Nominal Amount*] on the Maturity Date.
- [1].3 Subject to the other provisions of this Pricing Supplement and the Conditions, if the Closing Price is [equal to or] less than [[ ] per cent. of the Initial Price, the Issuer shall redeem the Notes on the Maturity Date by paying an amount in [*specify currency*] determined by the Calculation Agent in accordance with the following formula:

$$[\textit{specify amount}] \times \left[ [\textit{specify \%}] + \min \left[ 0; \frac{\textit{Closing Price} - ([\ ]\% \times \textit{Initial Price})}{[\ ]\% \times \textit{Initial Price}} \right] \right],$$

and Condition 6(a) shall not apply.

[1].4 As used herein:

"**Basket Value**" means, subject to the Conditions, [*include formula for defining Basket Value*].

"**Closing Price**" means, subject to the Conditions, the [price per Security on the Exchange/Basket Value] at the Valuation Time on the Valuation Date, as determined by the Calculation Agent.

"**Initial Price**" means [*specify price or value*]."

### Reverse Convertible

Equity-Linked Notes and Cash Equity Notes may include terms providing that in certain circumstances linked to the price or performance of a Reference Asset determined as specified in the applicable Final Terms, and at the election of the Issuer, the Notes will be redeemed by the Issuer delivering, or procuring delivery, to the Noteholders of the relevant Securities or, as the case may be, Securities comprising the relevant Basket. Such terms may also provide that in such circumstances the Issuer may elect to redeem the Notes on an alternative cash payment basis, in an amount (which may be calculated on a formula basis) linked to such price or performance. Such terms may be included in the applicable Final Terms in or substantially in the following form (any figures specified in such form being for illustrative purposes only):

#### "[1] Final Redemption

##### [1].1 Election of Settlement

Subject to the other provisions of these Final Terms and the Conditions, if the Calculation Agent determines on the Valuation Date that [(a)] the Closing Price is less than [the Strike Price] [and that (b) a Trigger Event has occurred during the Barrier Period], the Issuer shall (i) if the Issuer so elects, redeem the Notes by delivering, or procuring the delivery of, the Securities Transfer Amount and paying, or procuring the payment of, any Residual Cash Amounts to (or for the account of) the Noteholders in accordance with the following provisions of this paragraph ("**Physical Settlement**") or (ii) if the Issuer does not elect Physical Settlement, redeem the Notes by paying on the Maturity Date an amount (the "**Alternative Cash Redemption Amount**") in the Specified Currency in respect of each Note determined by the Calculation Agent in accordance with the following formula:

$$[\textit{specify amount}] \times \left[ [\ ]\% + \frac{\textit{Closing Price} - \textit{Initial Price}}{\textit{Initial Price}} \right],$$

and Condition 6(a) shall not apply.

##### [1].2 Redemption

[1].2.1 If, on the Valuation Date, the Calculation Agent determines that the Closing Price is [greater than or equal to] [the Strike Price], the Issuer shall redeem the Notes by paying on the Maturity Date an amount in the Specified Currency in respect of each Note equal to [*specify amount, e.g. [105] per cent. of par*].



[1].2.2 If, on the Valuation Date, the Calculation Agent determines that [(a)] the Closing Price is [less than] [the Strike Price] [and that (b) a Trigger Event has not occurred during the Barrier Period,] the Issuer shall redeem the Notes on the Maturity Date at [specify amount, e.g. [100] per cent. of par].

[1].3 *Notice of Election of Settlement*

Notice of any such election of Physical Settlement will be given by or on behalf of the Issuer (a) to the Noteholders in accordance with Condition 13(a) no later than the first day following the Valuation Date on which Euroclear and Clearstream, Luxembourg are open for business and (b) to the Principal Paying Agent, Euroclear and/or Clearstream, Luxembourg no later than the Payment Business Day following the Valuation Date.

[1].4 *Transfer Notice*

- (a) Each Noteholder shall, on or before the date three calendar days before the Maturity Date (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system to perform their respective obligations hereunder and notify to the Paying Agents and the Noteholders) send to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, a Transfer Notice.
- (b) A Transfer Notice, once delivered to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of a Transfer Notice following delivery of such Transfer Notice to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system. A Transfer Notice shall only be valid to the extent that Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system have not received conflicting prior instructions in respect of the Notes which are the subject of the Transfer Notice.
- (c) Failure properly to complete and deliver a 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 shall be made by the Principal Paying Agent and shall be conclusive and binding on the Issuer and the Noteholder.
- (d) The Principal Paying Agent shall promptly on the local banking day following receipt of a Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.

[1].5 *Delivery obligation*

- (a) Where the Issuer has elected Physical Settlement, and subject to the other provisions of these Final Terms and the Conditions, the Issuer shall discharge its obligation to redeem the Notes by delivering, or procuring the delivery of, the Securities Transfer Amount on the Settlement Date to the Clearance System for credit to the account with the Clearance System specified in the Transfer Notice of the relevant Noteholder.
- (b) The amount of Securities to be delivered to or for the account of each Noteholder shall be an amount of Securities equal to the number of Notes in respect of which such Noteholder is the holder as specified in the relevant Transfer Notice multiplied by the Securities Transfer Amount

Provided, however, that if a Noteholder would become entitled to a number of Securities which is not equal to a board lot of the Securities at such time, as determined by the Calculation Agent, or an integral multiple thereof, then the Noteholder's entitlement to delivery of [such] Securities shall be rounded down to the nearest whole [relevant] Security.

- (c) In relation to each Noteholder, the Calculation Agent shall calculate the Residual Amount and the Residual Cash Amount [with respect to each relevant Security]. The Residual Cash Amount [or the aggregate of the Residual Cash Amounts if a Residual Amount is determined with respect to more than one Security,] shall be paid by the Issuer to the relevant Noteholder on the Settlement Date.
- (d) Each Noteholder shall be required as a condition of its entitlement to delivery of Securities in respect of any Notes to pay all Transfer Expenses in respect of such Notes.
- (e) After delivery to or for the account of a Noteholder of the relevant Securities Transfer Amount and for such period of time as the transferor or its agent or nominee shall continue to be registered in any clearing system as the owner of the Securities comprised in such Securities Transfer Amount (the "**Intervening Period**"), none of such transferor or any agent or nominee for the Issuer or such transferor shall (i) be under any obligation to deliver to such Noteholder or any other person any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or such transferor, agent or nominee in its capacity as holder of such Securities, (ii) be under any obligation to exercise any rights (including voting rights) attaching to such Securities during the Intervening Period, or (iii) be under any liability to such Noteholder or any other person in respect of any loss or damage which the Noteholder or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or such transferor, agent or nominee being registered in such clearing system during such Intervening Period as legal owner of such Securities.
- (f) All dividends on Securities to be delivered will be payable to the party that would receive such dividends according to market practice for a sale of the Securities executed on the Notional Sale Date to be delivered in the same manner as such Securities. Any such dividends will be paid to or for credit to the account specified by the Noteholder in the relevant Transfer Notice. No right to dividends on the Securities will accrue to Noteholders prior to the Notional Sale Date.

[1].6 *Additional Definitions*

As used herein:

"**Barrier Period**" means the period from and including [the Strike Date] to the Valuation Time on the Valuation Date.

"**Basket Value**" means subject to the Conditions, [*include formula for defining Basket Value*].

"**Closing Price**" means, subject to the Conditions, the [price per Security on the Exchange/Basket Value] at the Valuation time on the Valuation Date, as determined by the Calculation Agent.

"**Initial Price**" means [*specify price*].

"**Notional Sale Date**" has the meaning set out in the definition of Settlement Date below.

"**Residual Amount**" means, in relation to a Noteholder and a Note, the fraction of a Security rounded down pursuant to paragraph [1].5, as determined by the Calculation Agent.

**"Residual Cash Amount"** means, with respect to a Residual Amount, the product of such Residual Amount and the Closing Price, or such other amount as specified in the relevant Final Terms.

**"Settlement Cycle"** means the period of Clearance System Business Days following a trade in the relevant Security on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

**"Settlement Date"** means, where the Note is to be redeemed by Physical Settlement, the date which is the later of (a) the Maturity Date and (b) the date that falls one Settlement Cycle [(being the longest Settlement Cycle for any Security comprised in the Basket)] after the Scheduled Trading Day following the Valuation Date (the **"Notional Sale Date"**) (or if such day is not a Clearance System Business Day, the next following Clearance System Business Day), subject to the provisions of Conditions 10[(e), (f), (g) and (h)].

**"Strike Date"** means [*specify date*].

**"Strike Price"** means [*specify amount*].

**"Transfer Expenses"** means, with respect to the Note, all stamp, transfer, registration and similar duties and all expenses, scrip fees, levies and registration charges payable on or in respect of or arising on, or in connection with, the purchase or transfer, delivery or other disposition by the transferor to or to the order of the relevant Noteholders of any Securities.

**"Trigger Event"** means the [price per Security/Basket Value] at any time during the regular trading session of the Exchange on any Exchange Business Day during the Barrier Period, as determined by the Calculation Agent, is equal to or less than the Trigger Level.]

**"Trigger Level"** means [*specify price*]]"

#### **Puttable Equity-Linked Variable Coupon Amount Notes**

Notes issued pursuant to the Programme may include interest bearing puttable Notes linked to the performance of an underlying Security or basket of Securities, referred to as **"Puttable Equity-Linked Variable Coupon Amount Notes"**.

Unless redeemed prior to their maturity, Puttable Equity-Linked Variable Coupon Amount Notes bear interest payable on scheduled interest payment dates at a specified fixed rate and/or specified variable rate with such specified variable rate linked to the performance of the Security or the Basket as determined by the Calculation Agent. Puttable Equity-Linked Variable Coupon Amount Notes may be redeemed on specified exercise dates prior to their scheduled maturity at the option of Noteholders at their nominal amount. Puttable Equity-Linked Variable Coupon Amount Notes are also redeemable prior to their scheduled maturity in certain circumstances at an amount determined by the Calculation Agent which may be less than their nominal amount. Otherwise, Puttable Equity-Linked Variable Coupon Amount Notes will be redeemed on their scheduled maturity at their nominal amount.

Terms relating to such early redemption and basis for redemption at maturity may be included in the applicable Final Terms in or substantially in the following form (any figures specified in such form being for illustrative purposes only):

"[1] **Noteholder's optional Redemption Amount (Put)**

On any Exercise Date of a Put Option Period, each Noteholder shall be entitled to request from the Issuer the early redemption of the Notes held by him. In the case of the exercise by the Noteholder of his option to redeem the Notes on such Exercise Date (as defined below), the optional redemption amount (the "**Optional Redemption Amount**") payable, in respect of each Note, on the immediately following Put Option Date, shall be equal to [100] per cent. of par.

Where:

"**Exercise Date**" means with respect to a Put Option Period any Business Day of such Put Option Period on which the Noteholder has given an irrevocable and written notice of optional redemption of such Notes to the Paying Agent through Clearstream, Luxembourg or Euroclear (with a copy to the Calculation Agent) prior to noon (London time), in [the form set out in the Annex [3] or such other form][such form] as the Paying Agent may specify. Any notice received later than noon (London time) shall take effect on the following Business Day; such notice shall specify, inter alia:

- (i) the number of Notes being the subject of the optional redemption;
- (ii) the securities account with Clearstream, Luxembourg or Euroclear to be debited with the Notes to which the optional redemption relates;
- (iii) the cash account identification to be credited with the Optional Redemption Amount.

The period of 5 to 30 Business days' notice mentioned in Condition 6(d) will not apply.

The Paying Agent shall notify the Issuer of the delivery of such notice and such notification shall take place, if duly delivered as described above, on the Exercise Date.

"**Put Option Date**" means each of [*specify relevant dates*] or if such date is not a Scheduled Trading Day the next following Scheduled Trading Day.

"**Put Option Period**" means any period from and including one Put Option Date (or the Issue Date in respect of the first Put Option Period) to but excluding the fifth Business Day prior to the next Put Option Date.

[2] **Variable Coupon Amount**

Unless previously redeemed, or purchased and cancelled in accordance with the Conditions, the Variable Coupon Amount payable by the Issuer in respect of each Note on [*specify date*] shall be an amount in the Specified Currency as determined by the Calculation Agent in accordance with the following formula:

$$[\textit{specify Denomination}] \times \textit{Max} \left( 0; \frac{I}{N} \sum_{j=1}^N \frac{S_j}{S_{\textit{initial}}} - 100\% \right)$$

where

"N" denotes each Averaging Date, 1 to [*specify number*].

" $S_{\textit{initial}}$ " means, subject to the Conditions, the [Closing Price Basket Value] at the Valuation Time on the Strike Date, as determined by the Calculation Agent.

"S<sub>j</sub>" means, subject to Condition 21 and [paragraph [39] above], the [Closing Price Basket Value] at the Valuation Time on each relevant Averaging Date, as determined by the Calculation Agent.

["**Basket Value**" means subject to the Conditions, [*include formula for defining Basket Value*]].

"**Closing Price**" means, subject to the Conditions, the [price per Security on the Exchange/Basket Value] at the Valuation time on the Valuation Date, as determined by the Calculation Agent.

"**Strike Date**" means [*specify date*]."

### **Callable Equity-Linked Variable Coupon Amount Notes**

Notes issued pursuant to the Programme may include interest-bearing Callable Notes linked to the performance of an underlying Security or basket of Securities, referred to as "**Callable Equity-Linked Variable Coupon Amount Notes**".

Unless redeemed prior to their maturity, Callable Equity-Linked Variable Coupon Amount Notes bear interest payable on scheduled interest payment dates at a specified fixed rate and/or specified variable rate with such specified variable rate linked to the performance of the Security or the Basket as determined by the Calculation Agent. Callable Equity-Linked Variable Coupon Amount Notes may be redeemed on specified exercise dates prior to their scheduled maturity at the option of the Issuer at their nominal amount. Callable Equity-Linked Variable Coupon Amount Notes are also redeemable prior to their scheduled maturity in certain circumstances at an amount determined by the Calculation Agent which may be less than their nominal amount. Otherwise, Callable Equity-Linked Variable Coupon Amount Notes will be redeemed on their scheduled maturity at their nominal amount.

Terms relating to such early redemption and basis for redemption at maturity may be included in the applicable Final Terms in or substantially in the following form (any figures specified in such form being for illustrative purposes only):

#### **"[1] Issuer's optional Redemption Amount (Call)**

On any Exercise Date of a Call Option Period, the Issuer shall be entitled to exercise its option to redeem all (but not some only) of the Notes on the immediately following Call Option Date. The optional redemption amount (the "**Optional Redemption Amount**") payable, in respect of each Note, on such date, shall be equal to [100] per cent. of par.

Where:

"**Exercise Date**" means with respect to a Call Option Period any Business Day of such Call Option Period on which the Issuer has given notice to the Noteholders of its optional redemption of the Notes.

The period of 5 to 30 Business days' notice mentioned in Condition 6(c) will not apply.

"**Call Option Date**" means each of [*specify relevant dates*] or if such date is not a Scheduled Trading Day the next following Scheduled Trading Day.

"**Call Option Period**" means any period from and including one Call Option Date (or the Issue Date in respect of the first Call Option Period) to but excluding the fifth Business Day prior to the next Call Option Date.

[2] **Variable Coupon Amount**

Unless previously redeemed, or purchased and cancelled in accordance with the Conditions, the Variable Coupon Amount payable by the Issuer in respect of each Note on [specify date] shall be an amount in the Specified Currency as determined by the Calculation Agent in accordance with the following formula:

$$[\text{specify Denomination}] \times \text{Max} \left( 0; \frac{1}{N} \sum_{j=1}^N \frac{S_j}{S_{\text{initial}}} - 100\% \right)$$

where

"N" denotes each Averaging Date, 1 to [specify number].

" $S_{\text{initial}}$ " means, subject to the Conditions, the [Closing Price/Basket Value] at the Valuation Time on the Strike Date, as determined by the Calculation Agent.

" $S_j$ " means, subject to Condition 21 and [paragraph [39] above], the [Closing Price/Basket Value] at the Valuation Time on each relevant Averaging Date, as determined by the Calculation Agent.

["**Basket Value**" means subject to the Conditions, [include formula for defining Basket Value]].

"**Closing Price**" means, subject to the Conditions, the [price per Security on the Exchange/Basket Value] at the Valuation time on the Valuation Date, as determined by the Calculation Agent.

"**Strike Date**" means [specify date]."

### Further Additional Provisions relating to Index-Linked Notes

The terms and conditions of Index-Linked Notes shall consist of Condition 21 as set out in the section "Additional Provisions in respect of Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes", the "Terms and Conditions of the Notes" set out in "Part B - Information about the Notes generally" of this Base Prospectus and any additional terms and conditions specified in the Final Terms.

#### Index-Linked Notes (interest bearing)

Notes issued pursuant to the Programme may include interest bearing Notes linked to the performance of an underlying index or basket of indices, referred to as "**Index-Linked Notes (interest bearing)**".

Index-Linked Notes (interest bearing) bear interest payable at maturity in arrear, which interest is linked to the performance of the Reference Asset as determined by the Calculation Agent. On maturity, Index-Linked Notes (interest bearing) will be redeemed at their nominal amount. Index-Linked Notes (interest bearing) are also redeemable prior to their scheduled maturity in certain circumstances at an amount determined by the Calculation Agent which may be less than their nominal amount.

Terms relating to such early redemption and basis for redemption at maturity may be included in the applicable Final Terms in or substantially in the following form (any figures specified in such form being for illustrative purposes only):

#### [1] Variable Coupon Amount

Unless previously redeemed, or purchased and cancelled in accordance with the Conditions, the amount of interest payable by the Issuer in respect of each Note on the Variable Coupon Interest Payment Date shall be an amount in the Specified Currency (the "**Variable Coupon Amount**") as determined by the Calculation Agent in accordance with the following formula:

$$[\text{specify Denomination}] \times [[80]\% \times \text{Max}] \left( 0\%; \frac{S_{\text{best}} - S_{\text{initial}}}{S_{\text{initial}}} \right)$$

Where

$$S_{\text{best}} = \text{Max}_{i=1 \text{ to } 36} (S_i)$$

Where

" $S_i$ " means, in respect of the [Index /Basket] and a Valuation Date $i$  ( $i=1$  to [10]) and subject to Condition 21 and [paragraph 40 (*Valuation Date(s)*)] above, the [level of the Index/Basket Value] at the Valuation Time on such Valuation Date $i$ , as determined by the Calculation Agent;

" $S_{\text{initial}}$ " means [*specify level*];

["Basket Value" means [*include formula for defining Basket Value*]."

#### Non-Interest Bearing Index-Linked Notes

Notes issued pursuant to the Programme may include non-interest bearing Notes linked to the performance of an underlying index or basket of indices, referred to as "**Non-Interest Bearing Index-Linked Notes**".

Non-Interest Bearing Index-Linked Notes do not bear interest and their redemption amount is linked to the performance of Index or the Basket as determined by the Calculation Agent. The performance of the Index or the Basket on particular dates may result in the redemption of Non-Interest Bearing Index-Linked Notes prior to their scheduled maturity at a premium to their nominal amount. The performance of the Index or the Basket will also determine the redemption amount of Non-Interest Bearing Index-Linked Notes at their scheduled maturity. Non-Interest Bearing Index-Linked Notes will be redeemed on their scheduled maturity at a premium to their nominal amount if the Final Index Level (as defined in the relevant Final Terms) as determined by the Calculation Agent is not less than the Initial Index Level (as defined in the relevant Final Terms). Otherwise, Non-Interest Bearing Index-Linked Note will be redeemed at their nominal amount, if no Trigger Event (as defined in the relevant Final Terms) has occurred or, if a Trigger Event has occurred, at an amount (which may be less than their nominal amount) equal to the product of the nominal amount multiplied by the percentage decrease in value of the Index during the Observation Period (as defined in the relevant Final Terms) as determined by the Calculation Agent. Non-Interest Bearing Index-Linked Notes are also redeemable prior to their scheduled maturity in certain circumstances at an amount determined by the Calculation Agent which may be less than their nominal amount.

Terms relating to such early redemption and basis for redemption at maturity may be included in the applicable Final Terms in or substantially in the following form (the number of Early Release Dates, and any figures specified in such form being for illustrative purposes only):

"[1] **Early Redemption**

- [1].1 If, on the First Early Release Date, the Calculation Agent determines that the Release Index Level is greater than or equal to the Initial Index Level, the Issuer shall redeem the Notes on the First Early Redemption Date at [*specify amount, e.g. [105] per cent. of par*].
- [1].2 If, on the Second Early Release Date, the Calculation Agent determines that the Release Index Level is greater than or equal to the Initial Index Level, the Issuer shall redeem the Notes on the Second Early Redemption Date at [*specify amount, e.g. [110] per cent. of par*].

[2] **Final Redemption**

- [2].1 If, on the Valuation Date, the Calculation Agent determines that the Final Index Level is greater than or equal to the Initial Index Level, the Issuer shall redeem the Notes on the Maturity Date at [*specify amount, e.g. [115] per cent. of par*].
- [2].2 If, on the Valuation Date, the Calculation Agent determines that (a) the Final Index Level is less than the Initial Index Level and (b) a Trigger Event has not occurred, the Issuer shall redeem the Notes on the Maturity Date at [*specify amount, e.g. [100] per cent. of par*].
- [2].3 Subject to the other provisions of these Final Terms and the Conditions, if, on the Valuation Date, the Calculation Agent determines that (a) the Final Index Level is less than the Initial Index Level and (b) a Trigger Event has occurred, the Issuer shall redeem the Notes on the Maturity Date by paying an amount in the Specified Currency in respect of each Note determined by the Calculation Agent in accordance with the following formula:

$$[\textit{specify Denomination}] \times \left[ [100]\% + \frac{\text{Final Index Level} - \text{Initial Index Level}}{\text{Initial Index Level}} \right]$$



[3] **Additional Definitions**

In these Final Terms:

"**Basket Value**" means *[include formula for defining Basket Value]*.

"**Early Redemption Date(s)**" means each of *[specify date]* (the "**First Early Redemption Date**") and *[specify date]* (the "**Second Early Redemption Date**") or if such date is not a Scheduled Trading Day the next following Scheduled Trading Day.

"**Early Release Date(s)**" means each of *[specify date]* (the "**First Early Release Date**") and *[specify date]* (the "**Second Early Release Date**"). The Early Release Dates shall be subject to Condition 21 as if each reference to "Valuation Date" in such Condition was deemed to be a reference to "Early Release Date". If pursuant to Condition 21, any such date is postponed until *[specify date]* or *[specify date]* respectively and either such day is not a Scheduled Trading Day or is a Disrupted Day, such date shall nevertheless be deemed to be the Early Release Date and the Release Index Level shall be the [level of the Index/Basket Value] determined by the Calculation Agent in its sole and absolute discretion. If pursuant to Condition 21, the First Early Release Date is not a Scheduled Trading Day or is a Disrupted Day, such date shall nevertheless be deemed to be the Early Release Date and the Release Index Level shall be the [level of the Index/Basket Value] determined by the Calculation Agent in its sole and absolute discretion.

"**Final Index Level**" means, subject to the Conditions, the [level of the Index/Basket Value] on the Exchange at the Valuation Time on the Valuation Date, as determined by the Calculation Agent.

"**Initial Index Level**" means *[specify level]*.

"**Observation Period**" means the period from and including the Strike Date to and including the Valuation Time on the Valuation Date.

"**Release Index Level**" means, with respect to an Early Release Date and subject to the Conditions, the [level of the Index on the Exchange/Basket Value] at the Valuation Time on such Early Release Date, as determined by the Calculation Agent.

"**Strike Date**" means *[specify date]*.

"**Trigger Event**" means that the [level of the Index/Basket Value] at any time [during the regular trading session of the Exchange] on any Scheduled Trading Day during the Observation Period, as determined by the Calculation Agent, is equal to or less than the Trigger Level.

"**Trigger Level**" means *[specify level]*."

**Puttable Index-Linked Variable Coupon Amount Notes**

Notes issued pursuant to the Programme may include interest bearing puttable Notes linked to the performance of an underlying index or basket of indices, referred to as "**Puttable Index-Linked Variable Coupon Amount Notes**".

Unless redeemed prior to their maturity, Puttable Index-Linked Variable Coupon Amount Notes bear interest payable on scheduled interest payment dates at a specified fixed rate and/or specified variable rate with such specified variable rate linked to the performance of the Index or the Basket as determined by the Calculation Agent. Puttable Index-Linked Variable Coupon Amount Notes may be redeemed on specified exercise dates prior to their scheduled maturity at the option of Noteholders at their nominal

amount. Puttable Index-Linked Variable Coupon Amount Notes are also redeemable prior to their scheduled maturity in certain circumstances at an amount determined by the Calculation Agent which may be less than their nominal amount. Otherwise, Puttable Index-Linked Variable Coupon Amount Notes will be redeemed on their scheduled maturity at their nominal amount.

Terms relating to such early redemption and basis for redemption at maturity may be included in the applicable Final Terms in or substantially in the following form (any figures specified in such form being for illustrative purposes only):

"[1] **Noteholder's optional Redemption Amount (Put)**

On any Exercise Date of a Put Option Period, each Noteholder shall be entitled to request from the Issuer the early redemption of the Notes held by him. In the case of the exercise by the Noteholder of his option to redeem the Notes on such Exercise Date (as defined below), the optional redemption amount (the "**Optional Redemption Amount**") payable, in respect of each Note, on the immediately following Put Option Date, shall be equal to [100] per cent. of par.

Where:

"**Exercise Date**" means with respect to a Put Option Period any Business Day of such Put Option Period on which the Noteholder has given an irrevocable and written notice of optional redemption of such Notes to the Paying Agent through Clearstream, Luxembourg or Euroclear (with a copy to the Calculation Agent) prior to noon (London time), in [the form set out in the Annex [3] or such other form][such form] as the Paying Agent may specify. Any notice received later than noon (London time) shall take effect on the following Business Day; such notice shall specify, inter alia:

- (i) the number of Notes being the subject of the optional redemption;
- (ii) the securities account with Clearstream, Luxembourg or Euroclear to be debited with the Notes to which the optional redemption relates;
- (iii) the cash account identification to be credited with the Optional Redemption Amount.

The period of 5 to 30 Business days' notice mentioned in Condition 6(d) will not apply.

The Paying Agent shall notify the Issuer of the delivery of such notice and such notification shall take place, if duly delivered as described above, on the Exercise Date.

"**Put Option Date**" means each of [*specify relevant dates*] or if such date is not a Scheduled Trading Day the next following Scheduled Trading Day.

"**Put Option Period**" means any period from and including one Put Option Date (or the Issue Date in respect of the first Put Option Period) to but excluding the fifth Business Day prior to the next Put Option Date.

[2] **Variable Coupon Amount**

Unless previously redeemed, or purchased and cancelled in accordance with the Conditions, the Variable Coupon Amount payable by the Issuer in respect of each Note on [specify date] shall be an amount in the Specified Currency as determined by the Calculation Agent in accordance with the following formula:

$$[\text{specify Denomination}] \times \text{Max} \left( 0; \frac{1}{N} \sum_{j=1}^N \frac{S_j}{S_{\text{initial}}} - 100\% \right)$$

where

"N" denotes each Averaging Date, 1 to [specify number].

" $S_{\text{initial}}$ " means, subject to the Conditions, the [level of the Index on the Exchange/Basket Value] at the Valuation Time on the Strike Date, as determined by the Calculation Agent.

" $S_j$ " means, subject to Condition 21 and [paragraph [39] above], the [level of the Index on the Exchange/Basket Value] at the Valuation Time on each relevant Averaging Date, as determined by the Calculation Agent.

["**Basket Value**" means [include formula for defining Basket Value].

"**Strike Date**" means [specify date]."

#### Callable Index-Linked Variable Coupon Amount Notes

Notes issued pursuant to the Programme may include interest-bearing Callable Notes linked to the performance of an underlying index or basket of indices, referred to as "**Callable Index-Linked Variable Coupon Amount Notes**".

Unless redeemed prior to their maturity, Callable Index-Linked Variable Coupon Amount Notes bear interest payable on scheduled interest payment dates at a specified fixed rate and/or specified variable rate with such specified variable rate linked to the performance of the Index or the Basket as determined by the Calculation Agent. Callable Index-Linked Variable Coupon Amount Notes may be redeemed on specified exercise dates prior to their scheduled maturity at the option of the Issuer at their nominal amount. Callable Index-Linked Variable Coupon Amount Notes are also redeemable prior to their scheduled maturity in certain circumstances at an amount determined by the Calculation Agent which may be less than their nominal amount. Otherwise, Callable Index-Linked Variable Coupon Amount Notes will be redeemed on their scheduled maturity at their nominal amount.

Terms relating to such early redemption and basis for redemption at maturity may be included in the applicable Final Terms in or substantially in the following form (any figures specified in such form being for illustrative purposes only):

#### "[1] Issuer's optional Redemption Amount (Call)

On any Exercise Date of a Call Option Period, the Issuer shall be entitled to exercise its option to redeem all (but not some only) of the Notes on the immediately following Call Option Date. The optional redemption amount (the "**Optional Redemption Amount**") payable, in respect of each Note, on such date, shall be equal to [100] per cent. of par.

Where:

"**Exercise Date**" means with respect to a Call Option Period any Business Day of such Call Option Period on which the Issuer has given notice to the Noteholders of its optional redemption of the Notes.

The period of 5 to 30 Business days' notice mentioned in Condition 6(c) will not apply.

"**Call Option Date**" means each of [*specify relevant dates*] or if such date is not a Scheduled Trading Day the next following Scheduled Trading Day.

"**Call Option Period**" means any period from and including one Call Option Date (or the Issue Date in respect of the first Call Option Period) to but excluding the fifth Business Day prior to the next Call Option Date.

[2] **Variable Coupon Amount**

Unless previously redeemed, or purchased and cancelled in accordance with the Conditions, the Variable Coupon Amount payable by the Issuer in respect of each Note on [*specify date*] shall be an amount in the Specified Currency as determined by the Calculation Agent in accordance with the following formula:

$$[\textit{specify Denomination}] \times \textit{Max} \left( 0; \frac{1}{N} \sum_{j=1}^N \frac{S_j}{S_{\textit{initial}}} - 100\% \right)$$

where

"N" denotes each Averaging Date, 1 to [*specify number*].

" $S_{\textit{initial}}$ " means, subject to the Conditions, the [*level of the Index on the Exchange/Basket Value*] at the Valuation Time on the Strike Date, as determined by the Calculation Agent.

" $S_j$ " means, subject to Condition 21 and [*paragraph [39] above*], the [*level of the Index on the Exchange/Basket Value*] at the Valuation Time on each relevant Averaging Date, as determined by the Calculation Agent.

["**Basket Value**" means [*include formula for defining Basket Value*].

"**Strike Date**" means [*specify date*]."

### **Additional Provision in respect of Security Warrants and Index-Linked Warrants**

The following additional conditions shall be deemed to be added as Condition 17 and 18 to terms and conditions set out in the section headed "Terms and Conditions of the Warrants" appearing in "Part C - Warrants" of the Base Prospectus in respect of any issue of Equity-Linked Warrants and Index-Linked Warrants.

#### **17. Provisions relating to Equity-Linked Warrants and Index-Linked Warrants**

##### **(a) Definitions**

As used in this Condition 17 and 18, and in respect of Equity-Linked Warrants and Index-Linked Warrants, and unless otherwise provided in the relevant Final Terms, the following expressions shall have the following meanings:

**"Additional Disruption Event"** has the meaning ascribed thereto in Condition 18(f).

**"Averaging Date"** means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 18(b).

**"Basket"** means, in respect of an Index Basket Warrant, a basket composed of each Index specified in the relevant Final Terms in the relative proportions indicated in the Final Terms and, in the case of a Security Basket Warrant, a basket composed of Securities of each Underlying Company specified in the relevant Final Terms in the relative proportions and numbers of Securities of each Underlying Company indicated in the Final Terms.

**"Clearance System"** means, in relation to a Series of Warrants, such of Euroclear, Clearstream, Luxembourg or any domestic clearance system through which transfers of the Securities are customarily settled as is specified as such in the relevant Final Terms or any successor to such clearance system.

**"Clearance System Business Day"** means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions.

**"Clearing System"** means Euroclear, Clearstream, Luxembourg and/or any other clearing system located outside the United States specified in the relevant Final Terms in which Warrants of the relevant Series are held, or in relation to an individual Warrant, that Warrant is held, for the time being.

**"Component Security"** means, with respect to an Index, each component security of that Index.

**"Delisting"** means that the Exchange announces that pursuant to the rules of such Exchange, the Securities 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).

**"Deposit Agreement"** means, in relation to each Depositary Receipt, the agreement(s) or other instrument(s) constituting such Depositary Receipt, as from time to time amended or supplemented.

**"Depositary"** means, in relation to a Depositary Receipt, the issuer of such Depositary Receipt as appointed under the Deposit Agreement, including its successors from time to time.

**"Depositary Receipt(s)"** means any Security specified as such in the relevant Final Terms *provided that* if the relevant Deposit Agreement is terminated at any time, any reference to any Depositary Receipt(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the relevant Warrants and determine, in its sole and absolute discretion, the effective date of such adjustment.

**"Disrupted Day"** means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or (b) if the Warrants are Multiple Exchange Index Warrants, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred.

**"DR Linked Warrants"** means a Series of Security Warrants which relate to one or more Securities which are Depositary Receipts.

**"Early Closure"** means (a) the closure on any Exchange Business Day of the relevant Exchange (in the case of Security Warrants or Security Basket Warrants) or any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Warrants or Index Basket Warrants) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or (b) if the Warrants are Multiple Exchange Index Warrants, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Exchange"** means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Security or the components of the Index, as the case may be, has temporarily relocated (*provided that* the Calculation Agent has determined that there is comparable liquidity relative to such Security or components, as the case may be, as on the original Exchange); or (b) in the case of a Multiple Exchange Index and each relevant Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent (which

exchange or quotation system as of the Issue Date may be specified as such in the relevant Final Terms).

**"Exchange Business Day"** means (a) any Scheduled Trading Day on which each Exchange and any relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means (a) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for the Securities on the Exchange (in the case of a Security Warrant or a Security Basket Warrant) or on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index Warrant or an Index Basket Warrant), or (ii) to effect transactions in, or obtain market values for, future or options contracts relating to the Securities (in the case of a Security Warrant or a Security Basket Warrant) or the relevant Index (in the case of (in the case of an Index Warrant or an Index Basket Warrant) on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) futures or options contracts relating to the Index on the relevant Related Exchange.

**"Extraordinary Dividend"** means the amount per Security specified or otherwise determined as provided in the relevant Final Terms or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the Calculation Agent determines in its sole and absolute discretion should be characterised as an Extraordinary Dividend.

**"Extraordinary Event"** means a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting.

**"Final Price"** means, with respect to a Security and a Valuation Date (a) the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date or (b) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Security is valued, one half of a unit being rounded upwards) of the Reference Prices on such Averaging Dates.

**"Index"** means, in relation to a Series of Warrants, the index to which such Warrants relates, as specified in the relevant Final Terms, subject to adjustment pursuant to Condition 18, and **"Indices"** shall be construed accordingly.

**"Index Basket Warrants"** means a Series of Warrants relating to a basket of Indices, as specified in the relevant Final Terms.

**"Index Warrants"** means a Series of Warrants relating to a single Index, as specified in the relevant Final Terms.

**"Index Sponsor"** means 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 the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day (which corporation or entity as of the Issue Date may be specified as such in the relevant Final Terms).

**"Initial Index Level"** means the level of the Index specified as such or otherwise determined as provided in the relevant Final Terms or, if no such price is so specified or otherwise determined, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date.

**"Initial Price"** means the price per Security specified as such or otherwise determined as provided in the relevant Final Terms or, if no such price is so specified or otherwise determined, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date.

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

**"Market Disruption Event"** means (a) the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be or (iii) an Early Closure *provided that* for the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a component of the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event; or (b) with respect to a Multiple Exchange Index, either

- (A) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) 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: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the



Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

**"Merger Event"** means in respect of any relevant Securities, any (i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity or person (other than a consolidation, amalgamation or merger in which such Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase otherwise obtain 100% of the outstanding Securities of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person) or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding but results in the outstanding Securities (other than Securities owner or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Securities immediately following such event, in each case if 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) is on or before, in the case of any Warrants which as specified in the relevant Final Terms as being Physical Settlement Warrants, the Settlement Date or, in any other case, the final Valuation Date.

If the Warrants are DR Linked Warrants, **"Merger Event"** shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities.

**"Multiple Exchange Index"** means an Index identified or specified as such in the relevant Final Terms.

**"Multiple Exchange Index-Linked Warrants"** means Warrants which relate to a Multiple Exchange Index.

**"Nationalisation"** means that all the Securities (or, if the Warrants are DR Linked Warrants, the relevant Underlying Securities) or all or substantially all the assets of an Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**"Put Warrant"** means a warrant entitling, but not obligating the Warrantholder upon exercise (i) to receive the relevant Cash Settlement Amount or (ii) to sell the relevant securities, in each case subject to and in accordance with these Conditions.

**"Potential Adjustment Event"** means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent in its sole and absolute discretion; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect of the Underlying Company, 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 the Underlying Company 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 (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant Final Terms.

With respect to Depositary Receipts, "Potential Adjustment Event" shall also include (x) the occurrence of any of the events described in (i) to (viii) (inclusive) above in respect of the relevant Underlying Securities and (y) the making of any amendment or supplement to the terms of the Depositary Agreement.

**"Reference Price"** means, in respect of a Security and an Averaging Date, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date.

**"Related Exchange"** means, subject to the proviso below, in respect of a Security or Index, each exchange or quotation system specified as such for such Security or Index in the relevant 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 Security or Index, as the case may be, 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 Security or Index, as the case may be, as on the original Related Exchange) provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant 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 Security or Index, as the case may be.

**"Relevant Company"** has the meaning ascribed thereto in the relevant Final Terms.

**"Relevant Price"** has the meaning ascribed thereto in the relevant Final Terms.

"**Reuters Screen**" means, when used in connection with any designated page and any designated information, the display page so designated on the Reuter Money 3000 Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor for the purpose of displaying comparable information).

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

"**Scheduled Trading Day**" means (a) any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or (b) with respect to a Multiple Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

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

"**Securities**" means, in relation to a Series of Warrants, the equity securities, debt securities (including without limitation Government Bonds), Depositary receipts or other securities or property, as adjusted pursuant to Condition 18, to which such Warrants relate, as specified in the relevant Final Terms and "**Security**" shall be construed accordingly.

"**Securities Transfer Amount**" has the meaning ascribed thereto in the relevant Final Terms.

"**Security Basket Warrants**" means a Series of Warrants relating to a basket of Securities, as specified in the relevant Final Terms and "**Security Basket Warrant**" shall be construed accordingly.

"**Security Warrants**" means a Series of Warrants relating to a single Security, as specified in the relevant Final Terms and "**Security Warrant**" shall be construed accordingly.

"**Settlement Cycle**" means, in respect of a Security or an Index, the period of Clearance System Business Days following a trade in the relevant Security or the securities underlying such Index, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period).

"**Settlement Date**" means, in relation to Securities to be delivered in respect of an Exercise Date and unless otherwise specified in the relevant Final Terms, the first day on which settlement of a sale of such Securities executed on that Exercise Date customarily would take place through the relevant Clearance System *provided that* if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 18(b)(iii).

"**Settlement Disruption Event**" in relation to a Security means an event which the Calculation Agent, in its sole and absolute discretion, determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant Clearance System cannot clear the transfer of such Security.

"**Successor Index**" has the meaning given in Condition 18(c).

**"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% and less than 100% of the outstanding voting shares of the Underlying Company, 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.

**"Trading Disruption"** means (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 (1) relating to the Securities on the Exchange (in the case of a Security Warrant or a Security Basket Warrant) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Warrants or Index Basket Warrants); or (2) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (1) relating to any Component Security on the Exchange in respect of such Component Security, or (2) in futures or options contracts relating to the Index on any relevant Related Exchange.

**"Underlying Company"** means the issuer of the Security as specified in the relevant Final Terms (or, if the Warrants are DR Linked Warrants, each of the Depositary and the issuer of the relevant Underlying Security), subject to adjustment in accordance with this Condition.

**"Underlying Security"** means, with respect to DR Linked Warrants and a Depositary Receipt, the security and any other property to which such Depositary Receipt relates.

**"Valid Date"** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.

**"Valuation Date"** means each date specified or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to Condition 18.

**"Valuation Time"** means, (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Security or Index, as applicable. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or (b) in relation to a Multiple Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the 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.

18. **Valuation, Adjustments and Extraordinary Events affecting Securities**(a) *Knock-in and Knock-out Provisions*

If "Knock-in Event" is specified as applicable in the Final Terms in relation to any Warrant, then, unless otherwise specified in such Final Terms, the terms of the Warrants as to exercise and/or payment and/or delivery under the relevant Warrants subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.

**"Knock-in Determination Day"** means each Scheduled Trading Day during the Knock-in Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-in Determination Day 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 original date that, but for the occurrence of a Disrupted Day, would have been the Knock-in Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-in Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is also a Disrupted Day in accordance with the provisions of Condition 18(e)(1)(A)(i), (ii) or (iii), as the case may be.

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**"Knock-in Event"** means (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Price or, as the case may be, the Knock-in Level.

**"Knock-in Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms.

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above.

**"Knock-in Period Ending Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above.

**"Knock-in Price"** means the price per Security specified as such or otherwise determined in the relevant Final Terms.

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

If "Knock-out Event "is specified as applicable in the Final Terms in relation to any Warrants, then, unless otherwise specified in such Final Terms, the terms of the Warrants as to exercise and/or payment and/or delivery under the relevant Warrants subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

For the purposes hereof:

**"Knock-out Determination Day"** means each Scheduled Trading Day during the Knock-out Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-out Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-out Determination Day 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 original date that, but for the occurrence of a Disrupted Day, would have been the Knock-out Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-out Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is a Disrupted Day in accordance with the provisions of Condition 18(e)(1)(A)(i), (ii) or (iii), as the case may be.

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**"Knock-out Event"** means that (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Price or, as the case may be, Knock-out Level.

**"Knock-out Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms.

**"Knock-out Period Beginning Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above.

**"Knock-out Period Ending Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above.

**"Knock-out Price"** means the price per Security specified as such or otherwise determined in the relevant Final Terms.

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

(b) *Consequences of Disrupted Days*

(i) If any Valuation Date is a Disrupted Day, then:

(A) in the case of an Index Warrant or a Security Warrant, the 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:

(1) in respect of an Index Warrant the Calculation Agent shall determine in its absolute discretion that either:

(aa) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the Market Disruption Event; or

(bb) the Valuation Date shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Valuation Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the Market Disruption Event,

and, in each case, the Calculation Agent shall determine the level of the Index as of the Valuation Time on that eighth or (as the case may be) thirtieth Scheduled Trading Day determined 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 or (as the case may be) thirtieth Scheduled Trading Day of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on that eighth or (as the case may be) thirtieth Scheduled Trading Day, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on that eighth or (as the case may be) thirtieth Scheduled Trading Day); and

(2) in respect of a Security Warrant, that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that eighth Scheduled Trading Day;

(B) in the case of an Index Basket Warrant, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the eight succeeding Scheduled Trading Days is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine in its absolute discretion that either:

- (1) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or
- (2) the Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Valuation Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is Disrupted Day,

and, in each case, the Calculation Agent shall determine, in its sole and absolute discretion, the level of that Index, as of the Valuation Time on that eighth (or as the case may be) thirtieth Scheduled Trading Day in accordance with the formula for and method of calculating that 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 (or as the case may be) thirtieth Scheduled Trading Day of each security or other property comprised in the relevant Index (or, if an event giving rise to a Disrupted Day has occurred in respect to the relevant security or other property on that eighth (or as the case may be) thirtieth Scheduled Trading Day, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on that eighth (or as the case may be) thirtieth Scheduled Trading Day); and

- (C) in the case of an Security Basket Warrant, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Security, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (1) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine, in its sole and absolute discretion, its good faith estimate of the value for that Security as of the Valuation Time on that eighth Scheduled Trading Day.
- (ii) If Averaging Dates are specified in the relevant Final Terms, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:
- (A) For the purpose of determining the Settlement Price in relation to a Valuation Date, the Settlement Price will be:
    - (1) in respect of an Index Warrant or Cash Settlement Security Warrant, the arithmetic mean of the Relevant Prices of the Index or the Securities on each Averaging Date;
    - (2) in respect of an Index Basket Warrant, the arithmetic mean of the amounts for the Basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Final Terms as of the



relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Settlement Price is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Relevant Prices of each Index comprised in the Basket (weighted or adjusted in relation to each Index as provided in the relevant Final Terms); and

- (3) in respect of a Cash Settlement Security Basket Warrant, the arithmetic mean of the prices for the Basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Settlement Price is so provided, the arithmetic mean of the prices for the Basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Relevant Price of such Security and (bb) the number of such Securities comprised in such basket.
- (B) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Final Terms in relation to "**Averaging Date Market Disruption**" is:
- (1) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Settlement Price *provided that*, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 18(b)(i) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date;
  - (2) "**Postponement**", then Condition 18(b)(i) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the Warrant. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

- (3) "**Modified Postponement**", then:
- (aa) in the case of an Index Warrant or Security Warrant, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date (the "Scheduled Final Averaging Date") in relation to the relevant Scheduled Valuation Date, then:
- (i) in respect of an Index Warrant, the Calculation Agent shall determine in its absolute discretion that either:
- (x) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date, (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date); or
- (y) the Averaging Date shall be the first succeeding Valid Date, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Final Averaging Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that thirtieth Scheduled Trading Day is already an Averaging Date),
- and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 18(b)(i)(A)(1); and
- (ii) in respect of a Security Warrant, that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant price for that Averaging Date in accordance with Condition 18(b)(i)(A)(2); and
- (bb) in the case of an Index Basket Warrant or a Security Basket Warrant, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Final Terms as an Averaging Date in relation to the relevant Valuation Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the eighth Scheduled Trading

Day immediately following the Scheduled Final Averaging Date, then:

- (i) in respect of an Index Basket Warrant, the Calculation Agent shall determine in its absolute discretion that either:
  - (x) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date, (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index; or
  - (y) the Averaging Date shall be the first succeeding Valid Date, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Final Averaging Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that thirtieth Scheduled Trading Day is already an Averaging Date) in relation to such Index,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 18(b)(i)(B); and

- (ii) in respect of a Security Basket Warrant, that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant amount for that Averaging Date in accordance with Condition 18(b)(i)(C)(2).

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

- (C) If (1) on or prior to any Averaging Date, in respect of an Index Warrant or Index Basket Warrant, an Index Modification or Index Cancellation occurs, or (2) on any Averaging Date in respect of an Index Warrant or Index Basket Warrant an Index Disruption Event occurs, then the Calculation Agent shall determine, in its sole and absolute discretion, the relevant Settlement Price using, in lieu of a published level of the relevant Index, the level for that Index as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in

effect prior to that change or failure, but using only those securities or other property that comprised that Index immediately prior to that change or failure (other than those securities or other property that have since ceased to be listed on any relevant Exchange).

(c) *Adjustments to Indices*

This Condition 18(c) is applicable only in relation to Index-Linked Warrants and Index Basket Warrants.

(i) Successor Index

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the 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) Index Adjustment Events

If (A) on or prior to any Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that 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 or other routine events) (an "**Index Modification**") or permanently cancels the Index (an "**Index Cancellation**"), or (B) on any Valuation Date the 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 Calculation Agent shall determine, in its sole and absolute discretion, the Final Price using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in its sole and absolute discretion 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 that comprised that Index immediately prior to that Index Adjustment Event.

(iii) Correction of Index Levels

If, in respect of an Index Warrant or an Index Basket Warrant, the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Warrants is subsequently corrected and the correction is published by the Index Sponsor within one Settlement Cycle the Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Warrants to account for such correction *provided that* if any amount has been paid or delivered in an amount or value which exceeds the amount that would have been payable or deliverable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable or deliverable in respect of the Warrants and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement (or, in the case of a delivery, payment of the value) of, the relevant

excess payment or delivery (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Warrantholder, together with interest on that amount for the period from and including the day on which payment or delivery was originally made to (but excluding) the day of payment of reimbursement (or value) by the Warrantholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(d) *Delivery Disruption of Physical Settlement Warrants*

This Condition 18(d) is applicable only in relation to Warrants specified in the relevant Final Terms as being Physical Settlement Warrants and to Warrants in relation to which the Issuer has elected for optional Physical Settlement in accordance with Condition 3(f).

If the Calculation Agent determines, in its sole and absolute discretion, that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Warrantholder(s) and the Issuer may then:

- (A) determine, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Warrantholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount; or
- (B) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Warrantholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount.

Where this Condition 18(d) falls to be applied, insofar as the Calculation Agent determines in its sole and absolute discretion to be practical, the same shall be applied as between the Warrantholders on a pro rata basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines, in its sole and absolute discretion, determines to be appropriate to give practical effect to such provisions.

(e) *Settlement Disruption of Physical Settlement Warrants*

This Condition 18(e) is applicable only in relation to Warrants specified in the relevant Final Terms as being Physical Settlement Warrants.

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will

be the first succeeding day on which delivery of such Securities can take place through the relevant Clearance System unless a Settlement Disruption Event prevents settlement on each of the eighth relevant Clearance System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the relevant Final Terms) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) outside the Clearance System and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be the first day on which settlement of a sale of Securities executed on that eighth relevant Clearance System Business Day, or during such other period specified in the relevant Final Terms, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) of delivery (which other manner of delivery will be deemed the relevant Clearance System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearance System or in any other commercially reasonable manner.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Securities comprised in a basket, the Settlement Date for Securities not affected by the Settlement Disruption Event will be the first day on which settlement of a sale of such Securities executed on the Settlement Date customarily would take place through the relevant Clearance System.

(f) *Adjustments and Events affecting Securities*

This Condition 18(f) is applicable only in relation to Security Warrants and Security Basket Warrants.

(i) **Potential Adjustment Events**

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will, in its sole and absolute discretion, determine, whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the Strike Price, the number of Securities to which each Warrant relates and to any other exercise, settlement, payment or other term of the relevant Warrants, including without limitation the amount, number or type of cash, Securities, other securities or other property which may be transferred under such Warrants and determine the effective date(s) of such adjustment(s).

(ii) **Extraordinary Events**

Following the occurrence of any Extraordinary Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, it may

make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including, without limitation, the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Final Terms and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

(iii) Conversion

In respect of a Security Warrant which relates to debt securities, following the occurrence of any Conversion, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants will continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the Warrants shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including without limitation the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Final Terms and/or any other adjustment and determine, in its sole and absolute discretion, the effective date(s) of such adjustment. If the Calculation Agent determines, in its sole and absolute discretion, that the Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of any Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) as of the date selected by the Calculation Agent in its sole and absolute discretion and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount as, in the opinion of the Calculation Agent (such opinion to be made by the Calculation Agent in its sole discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

(iv) Correction of Prices

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Warrants is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Warrants to account for such correction *provided that* if any amount has been paid or delivered in an amount or value which exceeds the amount that would have been payable or deliverable if the correction had been taken into account, no further amount in an amount at least equal

to the excess is payable or deliverable in respect of the Warrants and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement (or, in the case of a delivery, payment of the value) of, the relevant excess payment or delivery (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Warrantholder, together with interest on that amount for the period from and including the day on which payment or delivery was originally made to (but excluding) the day of payment of reimbursement (or value) by the Warrantholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(g) *Additional Disruption Event*

Following the occurrence of any Additional Disruption Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including, without limitation, the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Final Terms and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

For the purposes of each Series of Warrants, "**Additional Disruption Event**" means any event specified as such in the relevant Final Terms, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Final Terms:

- (i) "**Change in Law**" means that, on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation 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 Issuer determines in its sole and absolute discretion that (x) it has become illegal for the Issuer to hold, acquire or dispose of Securities or (y) the Issuer will incur a materially increased cost in performing its obligations under the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (ii) "**Hedging Disruption**" means that the Issuer 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



price risk of issuing and performing its obligations with respect to the Warrants or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and

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

(h) *Other Adjustments*

Upon the occurrence of any event(s) that the Calculation Agent determines (in its discretion, but acting reasonably) affects or could potentially affect the value of the Warrants, the Calculation Agent may (in its discretion, but acting reasonably) make any adjustments to the Strike Price, the number and/or type of Securities and/or Indices to which such Warrants relate, or to any exercise, settlement, payment or other terms of such Warrants including, without limitation, the amount, number or type of cash, Securities, other securities or property which may be transferred under such Warrants and determine the effective date(s) of such adjustments.

### Additional Provisions relating to Currency-Linked Notes

The terms and conditions of the Currency-Linked Notes (the "**Terms and Conditions of the Currency-Linked Notes**") shall consist of the terms and conditions set out in the section headed "Terms and Conditions of the Notes" appearing in "Part B - Information Relating to The Notes Generally" of the Base Prospectus, and the terms and conditions of the Currency-Linked Warrants (the "**Terms and Conditions of the Currency-Linked Warrants**") shall consist of the terms and conditions set out in the section headed "Terms and Conditions of the Warrants" appearing in Part C - Warrants of the Base Prospectus, in each case, such information being incorporated by reference in this Prospectus (the "**Base Conditions**") as amended or supplemented by the terms of each Tranche of Notes or Warrants set out in the Final Terms (the "**Final Terms**") an extract of which is set out below (terms used in such provisions being deemed to be defined as such for the purposes of the Base Conditions).

Any references to "this document" in the Final Terms section of this Supplement shall be deemed to refer to the Final Terms.

#### 1. **FX Disruption Event**

Notwithstanding the provisions of Condition 6(a), if an FX Disruption occurs at any time on or prior to the Maturity Date:

- (a) the Calculation Agent shall notify the Issuer thereof and the Issuer shall as soon as practicable notify the Holders thereof in accordance with Condition 13 (*Notices*);
- (b) the Issuer shall redeem the Notes by payment in respect of each Note of the early redemption amount (determined in accordance with paragraph 26 of the Final Terms);
- (c) such redemption will occur as soon after the Maturity Date as the Calculation Agent determines, acting in good faith and in a commercially reasonable manner, that it is practical to calculate the early redemption amount and to effect payment of it (the date on which such payment is effected, the "**Final Maturity Date**"); and
- (d) to the extent that payment is made after the Maturity Date, the early redemption amount shall be increased by an amount, determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, equal to the amount of interest the Calculation Agent determines could reasonably and practically have been earned at then current market rates by a non-resident of [*specify country of the currency (the "Reference Currency") to which the Notes are linked and which not the Specified Currency*] on the early redemption amount from the Maturity Date to the day 2 Business Days prior to the Final Maturity Date.

For the purposes hereof:

"**FX Disruption**" means the occurrence of any event or condition (including any change in law or any government action) which in the determination of the Calculation Agent, acting in good faith and in a commercially reasonable manner, makes it impossible, illegal or impractical (i) to convert [*Reference Currency*] into [*Specified Currency*] through customary legal channels, (ii) for non-residents of [*specify country of Reference Currency*] to convert [*Reference Currency*] into [*Specified Currency*] on terms as favourable as those generally available to residents of [*specify country of Reference Currency*], or (iii) for residents or non-residents of [*specify country of Reference Currency*] to transfer funds, including non-*[Reference Currency]* funds, from accounts inside [*specify country of Reference Currency*] to accounts outside [*specify*

*country of Reference Currency*] or between accounts in [*specify country of Reference Currency*] or by or to non-residents of [*specify country of Reference Currency*].

2. **Non-deliverability of Specified Currency**

If, at the time any payment of principal, premium, interest and/or additional or other amounts, if any, in respect of the Notes is due (each a "**Required Payment**"), the Specified Currency is no longer (i) used by the government of [*specify country of Specified Currency*] for the payment of public and private debts or (ii) used for settlement of transactions by public institutions in [*specify country of Specified Currency*] or within the international banking community, or (iii) expected to be available, when any Required Payment is due as a result of circumstances beyond the control of the Issuer, the Issuer shall be entitled to satisfy its obligations in respect of such Required Payment by making such Required Payment in [Euro/U.S. Dollars] (the "**Alternative Payment Amount**"), on the basis of the relevant [[*EUR/Specified Currency*][*USD/Specified Currency*] bid-spot foreign exchange rate (expressed as the number of [Euro/U.S. Dollars] (or part thereof)) as at 12.30 p.m. ([New York] time) on the second Business Day in [New York] prior to the relevant date of payment, for which one [*unit of the Specified Currency*] could be purchased as quoted on the Reuters screen [*specify in the Final Terms*] (or its successor page for the purpose of displaying such rates) or, if such rate is not available on such second Business Day in [New York], on the basis of the rate most recently available prior to such second Business Day in [New York]. Any payment made under such circumstances in [Euro/U.S. Dollars] will constitute valid payment and will not constitute a default in respect of the Notes. The Issuer's communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained by the Issuer hereunder shall be at its sole discretion and shall (in the absence of manifest error, wilful default or bad faith) be conclusive for all purposes and binding on the Issuer, the Paying Agents, and the holders of the Notes or Coupons. By acceptance thereof, purchasers of the Notes will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Amount by the Issuer.

### Terms and Conditions of Credit-Linked Notes

The terms and conditions of the Credit-Linked Notes (the "**Terms and Conditions of the Credit-Linked Notes**") shall consist of the terms and conditions set out in the section headed "Terms and Conditions of the Notes" appearing in "Part B - Information Relating to The Notes Generally" of the Base Prospectus, such information being incorporated by reference in this Prospectus (the "**Base Conditions**") as amended or supplemented by the terms of each Tranche of Notes set out in the Final Terms (the "**Final Terms**") an extract of which is set out below (terms used in such provisions being deemed to be defined as such for the purposes of the Base Conditions).

Any references to "this document" in the Final Terms section of this Supplement shall be deemed to refer to the Final Terms.

### Pro-forma Final Terms for Credit-Linked Notes

*Set out below are two forms of Final Terms which may be completed for a Tranche of Credit-Linked Notes issued under the Programme.*

The terms and conditions of Credit-Linked Notes shall consist of the "Terms and Conditions of the Notes" set out in "Part B - Information about the Notes generally" of this Base Prospectus (the "**Base Conditions**") as amended or supplemented by the terms set out in the Final Terms (including the Annexes thereto) (the "**Final Terms**"), substantially in one of the two forms which are set out below (terms used in such provisions being deemed to be defined as such for the purposes of this Base Prospectus).

#### (1) Basket of Reference Entities with Physical Settlement

##### FINAL TERMS

Final Terms dated [ ]

Series No.: [ ]

Tranche No.: [ ]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[Title of Notes] due [ • ]**

**Linked to a basket of [ • ] [corporate entities/banks]**

This document constitutes the Final Terms relating to the issue of the Tranche of Notes or Certificates described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 2 August 2007 and in relation to the above Programme, the supplemental Prospectus [and the supplemental Prospectus dated [ ]<sup>77</sup> which

<sup>77</sup> Only include details of supplemental Prospectus in which the Conditions have been amended for the purposes of all issues under the Programme.

[together] constitute[s] a base prospectus ("**Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**").

If this Final Terms indicates that it relates to an issue of Certificates, then all references herein and in the Prospectus to Notes shall be deemed to be references to "Certificates" for the purposes of this Issue.

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus [and the supplemental Prospectus] [is] [are] is available for viewing at [address] [and] [website]<sup>78</sup> and copies may be obtained from [address].]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [ ]]. This document constitutes the Final Terms of the notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Prospectus] dated [original date] [and the supplemental Prospectus dated [ ]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus(es) dated [original date] and [current date] [and the supplemental Prospectus dated [ ]] and [ ]. [The Prospectus(es) are available for viewing at [address] and copies may be obtained from [address].]

[For Notes offered and sold in the United States of America include:

#### **Important Notices**

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE STATE SECURITIES LAW OF ANY STATE OF THE UNITED STATES OR THE LAWS OF ANY OTHER JURISDICTION. THE NOTES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. SEE "TRANSFER RESTRICTIONS".

THE NOTES ARE BEING OFFERED (A) IN RELIANCE ON RULE 144A ("RULE 144A") UNDER THE SECURITIES ACT IN EACH CASE TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A; EACH A "QIB"), AND (B) IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES PURSUANT TO CLAUSE (A) ABOVE WILL BE RELYING ON THE

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<sup>78</sup> If required by the UKLA in accordance with Article 14 of the Prospectus Directive.

EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

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

#### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

#### **Information Concerning Investment Risk**

**Noteholders and prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition.**

**If a Credit Event Notice (as defined in Schedule 2) has been given in relation to any of the Reference Entities (as defined in Schedule 2), the Notes will be redeemable at the option of the Issuer exercised at any time thereafter, and irrespective of whether the relevant Credit Event (as defined in Schedule 2) is continuing, by delivery of certain securities or other assets which may have a market value substantially less than the par value of the Notes.**

**In particular, Noteholders should note that:**

- (a) the Issuer's obligations to pay interest on the Notes and to redeem the Notes at their principal amount are subject to the condition precedent that no Credit Event Notice has**

been given and, if any Credit Event Notice is given on or before the Maturity Date or (if applicable) the Extended Maturity Date (as defined in Schedule 2), then (1) unless specified otherwise, no interest in respect of the interest period current on the date on which such Credit Event Notice is given or any subsequent period will be payable by the Issuer (but without prejudice to any interest payments already made to Noteholders or which became due and payable before the Credit Event Notice was given), and (2) the Issuer will not be obliged to redeem the Notes at their principal amount and the sole obligation of the Issuer with regard to redemption of the Notes will be to redeem the Notes by physical delivery of Deliverable Obligations (as defined in Schedule 2) or as otherwise provided in the Conditions; and

- (b) it shall be the responsibility of the Noteholders to ensure that their accounting, regulatory and all other treatments of the Notes are consistent with the conditional nature of the Noteholders' entitlement to receive the payments referred to above.

The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event(s) with regard to a Reference Entity shall prejudice the Issuer's right to give notice with respect to such Credit Event or any other Credit Event in relation to such or any other Reference Entity provided such notice is given no later than the Maturity Date or (if applicable) the Extended Maturity Date. Noteholders and prospective purchasers of Notes should conduct their own investigations and, in deciding whether or not to purchase Notes, prospective purchasers should form their own views of the merits of an investment linked to the credit risk of each of the Reference Entities based upon such investigations and not in reliance on any information given in this Final Terms.

Given the highly specialised nature of these Notes, the Issuer considers that they are only suitable for highly sophisticated investors who are willing to take considerable risks, who are able to determine for themselves the risk of an investment linked to the credit risk of each of the Reference Entities and who can absorb a substantial or total loss of principal and interest.

Consequently, if you are not an investor who falls within the description above you should not consider purchasing these Notes without taking detailed advice from a specialised professional adviser.

#### Issuer and Calculation Agent Disclaimers

The Issuer and Calculation Agent make no representation whatsoever with respect to any Reference Entity, any Reference Obligation, Obligation, Deliverable Obligation or Underlying Obligation or any Underlying Obligor (each as defined in Schedule 2) on which it is relying or is entitled to rely.

The Issuer, the Calculation Agent and their respective Affiliates may deal in each Reference Obligation, Obligation, Deliverable Obligation and/or Underlying Obligation and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, any of the Reference Entities, any Affiliate of any of the Reference Entities, any Underlying Obligor and/or any other person or entity having obligations relating to any of the Reference Entities or any such Affiliate or Underlying Obligor, and may act with respect to such business in the same manner as each of them would if these Notes had not been issued, regardless of whether any such action might have an adverse effect on any of the Reference Entities, any Reference Obligation, Obligation,

**Deliverable Obligation or Underlying Obligation or the Noteholders or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).**

**The Issuer, the Calculation Agent and their respective Affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the issue date of the Notes or at any time thereafter, be in possession of information in relation to any of the Reference Entities or any Underlying Obligor that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholders. There is no obligation on the part of the Issuer, the Calculation Agent or their respective Affiliates to disclose to the Noteholders any such relationship or information (whether or not confidential).**

**HSBC Bank plc as Calculation Agent will be entitled to make certain determinations and judgements under the Conditions including (inter alia) as to whether an event constituting a Credit Event has occurred. In making such determinations and judgements, potential conflicts of interest may exist between the Calculation Agent and the Noteholders. In its capacity as Calculation Agent, HSBC Bank plc does not act as a fiduciary for or as an adviser to any of the Noteholders in respect of any such determination or judgement or otherwise.**

The Issuer accepts responsibility for the information contained in this Final Terms.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

- |    |  |   |  |
|----|--|---|--|
| 1. | (i)  | Issuer:   | HSBC Bank plc  |
|    | (ii)   | Arranger:   | HSBC Bank plc  |
| 2. | (i)  | Series number:  | [     ]  |
|    | (ii)   | [Tranche number:<br>(If fungible with an existing<br>Series, details of that Series,<br>including the date on which the<br>Notes become fungible).] | [     ]  |
|    | (iii)  | Whether issue is of Notes or<br>Certificates:   | [Notes/Certificates] (if the issue is of Certificates,<br>all references in this Final Terms and in the<br>Prospectus to Notes shall be deemed to be<br>"Certificates for the purposes of this issue") |
| 3. | Currency or currencies:  |   |  |
|    | (i)  | of denomination:  | [     ]  |
|    | (ii)   | of payment  | [     ]  |
| 4. | Aggregate Principal Amount [of Notes<br>admitted to trading] <sup>79</sup> : |   |  |

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<sup>79</sup> Delete for debt securities with a denomination per unit of less than EUR50,000.



- [ (i) ] Series: [ ]
- [ (ii) ] [Tranche:] [ ]
5. (i) Issue Price: [ ] per cent. of the Aggregate Principal Amount  
[plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
- (ii) Commission payable: [[ ] per cent./None]
- (iii) Selling concession: [[ ] per cent./None]
6. (i) Denomination(s): [ ]<sup>80</sup>
- (Condition 1(b))*
- (ii) Calculation Amount: [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [ ]
8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year. In case of undated Notes specify undated.]*  
*(Condition 6(a))*  
See Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event
9. Interest basis: [[ ]% Fixed Rate]  
*(Conditions 3 to 5)* [[*Specify reference rate*]+/- [ ]% Floating Rate Notes]  
[Variable Coupon Amount]  
[Zero Coupon]  
[Other (*specify*)]  
[further particulars specified below]  
  
[Interest will be treated as having ceased to accrue as from the beginning of any Interest Period in which a Credit Event Notice is given under Condition 6(j)(i) - See Special Conditions, Schedule 2]<sup>81</sup>
10. Redemption basis: [Redemption at par]  
*(Condition 6)* [Credit-Linked Redemption]  
[Dual Currency]

<sup>80</sup> If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.

<sup>81</sup> Include unless the Notes are Zero Coupon Notes

- [Partly Paid]  
[Instalment]  
[Other (*specify*)]  
See Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event
11. Change of interest or redemption basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]  
See Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event
12. Put/Call options: Not applicable. However, see Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event
13. (i) Status of the Notes: Unsubordinated, unsecured  
(*Condition 2*)
- (ii) Date [Board] approval for issuance of Notes obtained: [ ] [and [ ], respectively]] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)
14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note provisions: [Applicable/Not applicable]  
(*Condition 3*) (*if not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Rate of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Fixed Interest Payment Date(s): [ ] in each year
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount
- (iv) Day count fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (v) Determination Date: [ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon, N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA).*)
- (vi) Broken Amount(s): [ ] per Calculation Amount, payable on the Fixed Interest Payment Date falling [in/on]

[ ].

*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details] *(Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)*
16. Floating Rate Note provisions *(Condition 4)* [Applicable/Not applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period(s): [specify]
- (ii) Interest Payment Dates: [specify dates]
- [If Business Day Convention embedded in Condition 4(b) is not to apply, specify alternative convention]*
- (iii) First Interest Payment Date: [ ]
- (iv) Screen Rate Determination: [ ]
- (1) Benchmark: [specify LIBOR or other]
- (2) Relevant Rate of Benchmark: [Offered rate/Bid rate/Mean rate/other specify]
- (3) Relevant screen page: [ ]
- (4) Interest Determination Date: [ ]
- (v) ISDA Determination: [ ]
- (1) Floating Rate Option: [ ]
- (2) Designated Maturity: [ ]
- (3) Reset Date: [ ]
- (vi) Margin: [+/-][ ] per cent. per annum
- (vii) Fallback Rate: [specify method of calculating interest rate if applicable screen rate not available or fewer than two rates appear (where arithmetic mean is required, or where rate is not available for period of duration equal to Interest Period)]
- (viii) Day count fraction: [ ]
- (ix) Relevant time: [ ]

- (x) Minimum Interest Rate: [ ] per cent. per annum
- (xi) Maximum Interest Rate: [ ] per cent. per annum
- (xii) Business Day: The places specified with respect to "Business Day" in paragraph 1 of Schedule 1  
(Condition 4(b))
- (xiii) Rounding provisions, [ ] denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
17. Variable Coupon Amount Note provisions (Condition 5) [Applicable/Not applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Interest Payment Dates: [ ]
- (ii) Method of calculating interest: [ ]
18. Zero Coupon Note provisions: (Condition 5) [Applicable/Not applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Rate of interest on overdue amounts: [ ]
- (iii) Redemption formula: [ ]  
See also Special Conditions, Schedule 2
19. Index-Linked Interest Note/Other Variable-Linked Interest Note provisions Not applicable
20. Dual Currency Note provisions/Multi-currency Note provisions [Applicable/Not applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Currencies: [ ]
- (ii) Exchange rate(s): [give details]<sup>82</sup>
- (iii) Provisions applicable where calculation by reference to [Need to include a description of Market disruption or settlement disruption events and

<sup>82</sup> If denomination per unit is less than EUR50,000, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying.

Exchange Rate impossible or impracticable: *adjustment provisions.*]

**PROVISIONS RELATING TO REDEMPTION**

21. Issuer's optional redemption (Call): *(Condition 6(c))* Not applicable. However, see Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event
22. Noteholder's optional redemption (Put): *(Condition 6(d))* [Yes/No]
- (i) Redemption amount (Put): [ ] per Calculation Amount [*specify – if not par, also specify details of any formula*]
- (ii) Put option date(s)/Put option period: [*specify*]
23. Final redemption amount of each Note: *(Condition 6(a))* [ ] per Calculation Amount [*specify – if not par, also specify details of any formula*]  
See Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event
24. Final redemption amount of each Note in cases where the final redemption amount is Index-linked to other variable linked: Not applicable
25. Instalment Notes: *(Condition 6(a))* [*specify*]
- (i) Instalment Amounts: [ ]
- (ii) Dates for payment of Instalments: [ ]
26. Early redemption amount: Yes
- (i) Early redemption amount (upon redemption for taxation reasons or following an Event of Default): *(Condition 6(b) and Condition 10)* In the event of early redemption for taxation reasons or upon enforcement, the early redemption amount shall be determined in good faith by the Calculation Agent in its absolute discretion to be the fair market value of the Notes immediately prior to the early redemption date, adjusted to account fully for any reasonable expenses and costs to the Issuer of unwinding any underlying and/or related hedging and funding arrangements
- (ii) Other redemption provisions: *(Condition 6(i))* See Special Conditions, Schedule 2

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes:  
(Condition 1(a))
- (i) Form of Notes: [Bearer/Registered]
- (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] [*Answer will be no where no Registered Notes*]
28. New Global Note: [Yes/No] [*Answer will be No if the Notes are not Bearer Notes*]
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: [*specify*] [*Notes may only be represented initially by a Permanent Global Note if this Final Terms specifies that TEFRA C Rules apply*]
- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: (Condition 1(a)) Yes [*specify*]
- (iii) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes: [Yes – *specify*/No]
- (iv) Coupons to be attached to Definitive Notes: [Yes/No/Not applicable] [*N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems – see provisions contained in Permanent Global Note*]
- (v) Talons for future Coupons to be attached to Definitive Notes: [Yes/No/Not applicable] [*N.B. The above comment also applies here*]
- (vi) (a) Definitive Notes to be security printed: [Yes/No] [*N.B. The above comment also applies here*]
- (b) If the answer to (a) is yes, whether steel engraved plates will be used: [Yes/No/Not applicable]
- (vii) Definitive Notes to be in ICMA or successor's format: [Yes/No] [*N.B. The above comment also applies here*]
- (viii) Issuer or Noteholder to pay costs of security printing: [Issuer/Noteholder/Not applicable]

29. Exchange Date for exchange of [specify]  
Temporary Global Note:
30. Payments:  
(Condition 8)
- (i) Method of payment: [specify if other than by cheque or transfer to a designated account]
- (ii) Relevant Financial Centre Day: [specify any additional places]
31. Partly Paid Notes: [Yes/No]  
(Condition 1)
- If yes, specify number, amounts and [specify]  
dates for, and method of, payment of  
instalments of subscription monies and  
any further additional provisions  
(including forfeiture dates in respect of  
late payments of partly paid instalments)
32. Redenomination:  
(Condition 9)
- (i) Redenomination: [Applicable/Not applicable]
- (ii) Exchange: [Applicable/Not applicable]
33. Other final terms: See Schedules 1, 2, 3, 4 and 5

**PROVISIONS APPLICABLE TO INDEX-LINKED NOTES, CASH EQUITY NOTES AND EQUITY-LINKED NOTES**

34. Security Delivery (Equity-Linked Notes only): Condition 21 does not apply
35. Provisions for Cash Equity Notes and Equity-Linked Notes Not applicable
36. Additional provisions for Equity-Linked Notes: Not applicable
37. Provisions for Index-Linked Notes: Not applicable
38. For Equity-Linked and Credit-Linked Notes: U.S. Federal Income Tax Considerations
39. Valuation Date(s): Not applicable
40. Valuation Time: Not applicable
41. Averaging Dates: No
42. Other terms or special conditions relating to Index-Linked Notes, Cash Equity Notes or Equity-Linked Notes: Not applicable

**DISTRIBUTION**

43. (i) If syndicated, names[, addresses and underwriting commitments]<sup>83</sup> of Relevant Dealer/Lead Manager: [Not applicable/HSBC Bank plc/other – specify]  
[Give addresses and underwriting commitments]
- (ii) If syndicated, names[, addresses and underwriting commitments] of other Dealers/Managers (if any): [Not applicable/other - give name]  
[Give addresses and underwriting commitments]  
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
- (iii) Date of Subscription Agreement: [ ]
- (iv) Stabilising Manager (if any): [Not applicable/give name]
44. If non-syndicated, name [and address] of Relevant Dealer: [Not applicable/give name [and address]]
45. Total commission and concessions: [ ] per cent. of the Aggregate Principal Amount
46. Selling restrictions: [For Bearer Notes: TEFRA C Rule/ TEFRA D Rule]
- United States of America: [Notes may not be offered or sold within the United States of America or to or for the benefit of a U.S. person (as defined in Regulation S)]  
[Not Rule 144A eligible – N.B. significant additional provisions will be required in order to permit Rule 144A eligibility]
- Non-exempt Offer: [Not Applicable][An offer of the Notes may be made by the Managers [and specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported] ("**Public Offer Jurisdictions**") during the period from [specify date] until [specify date] ("**Offer Period**"). See further paragraphs 25 to 36 of Part B below.
- Other: [specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement]

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<sup>83</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.



47. [Stabilisation:]

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

#### [LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

#### RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [*Specify information*] has been extracted from [*insert name of source of information*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*insert name of source of information*], no facts have been omitted which would render the reproduced inaccurate or misleading.]

#### CONFIRMED

#### HSBC BANK PLC

By: \_\_\_\_\_

*Authorised Signatory*

**PART B - OTHER INFORMATION****1. LISTING**

(i) Listing [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority. No assurance can be given as to whether or not, or when, such application will be granted/other (specify)/None]

(ii) Admission to trading [Application [will be/has been] made for the Notes to be admitted to trading [on the Professional Securities Market/Gilt-Edged and Fixed Interest Market/other] with effect from [ ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the U.S. National Association of Securities Dealers.] [Not Applicable]

*[(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)]<sup>84</sup>*

*(NB: Notes admitted to trading to the UK gilt-edged and fixed interest market will also be admitted to the Official List as a matter of course.)*

**2. RATINGS**

Ratings: [The long term senior debt of HSBC Bank plc has been rated:]

[S&P: [•]]

[Moody's: [•]]

[[other]: [•]]

[The Notes have not specifically been rated.]

**3. [NOTIFICATION]**

The [include name of competent authority in EEA home Member State] [has been requested to provided/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate

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<sup>84</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)]

5. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer [ ]

*[If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.]*

(ii) Estimated net proceeds:

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses:

*[Include breakdown of expenses]<sup>85</sup>*

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)*

6. **[Fixed rate Notes only - YIELD**

Indication of yield:

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date]

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<sup>85</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.] ]

7. **[Floating Rate Notes only - HISTORIC INTEREST RATES**

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]<sup>86</sup>

8. **[Index-Linked, Equity-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]<sup>87</sup>. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.]<sup>88</sup>*

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

9. **[Dual currency/Multi-currency Notes only - PERFORMANCE OF EXCHANGE RATE(S) [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]<sup>11</sup>**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]<sup>89</sup>.]<sup>10</sup>*

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)]

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<sup>86</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

<sup>87</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

<sup>88</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is less than 100% of the nominal value of the Notes).

<sup>89</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

## OPERATIONAL INFORMATION

10. ISIN Code: [ ]
11. Common Code: [ ]
12. CUSIP: [ ]
13. New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]  
 [Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the common safe-keeper acting as agent for Euroclear or Clearstream, Luxembourg and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if "yes" selected in which case the Notes must be issued in NGN form]*
14. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [None/specify]
15. Delivery: Delivery [against/free of] payment
16. Settlement procedures: [Eurobond/Medium Term Note/other – specify]
17. Additional Paying Agent(s) (if any): [None/specify]
18. Common Depositary: [specify]
19. Agent Bank/Calculation Agent: [HSBC Bank plc]
- is Calculation Agent to make calculations? [Yes/No]
- if not, identify calculation agent: *[NB Calculation agent appointment letter required]*
20. Notices: *(Condition 13)* [specify any other means of effecting communication]
21. City in which specified office of Registrar to be maintained: *(Condition 14)* [specify]

22. Other relevant Terms and Conditions: See Schedules 1, 2, 3, 4 and 5
23. ERISA Considerations: [ ]

**TERMS AND CONDITIONS OF THE OFFER**

24. Offer Price: [Issue Price][*specify*]
25. Conditions to which the offer is subject: [Not Applicable/*give details*]
26. Description of the application process: [Not Applicable/*give details*]
27. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/*give details*]
28. Details of the minimum and/or maximum amount of application: [Not Applicable/*give details*]
29. Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/*give details*]
30. Manner in and date on which results of the offer are to be made public: [Not Applicable/*give details*]
31. Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/*give details*]
32. Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/*give details*]
33. Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/*give details*]
34. Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/*give details*]
35. Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. [None/*give details*]

## SCHEDULE 1

## CREDIT-LINKED NOTE SPECIFICATIONS

1. **General Terms**

Business Day:	[ ]
Business Day Convention:	[Modified] Following Business Day Convention (as defined in the ISDA Definitions), which shall apply to any date, other than the Credit Linkage Commencement Date, referred to in Condition 6 that falls on a day that is not a Business Day.
Credit Linkage Commencement Date:	[Trade Date/Issue Date]
Reference Entities:	Those entities specified in Schedule 3 and, in each case, any Successor. Each Reference Entity has been designated as a particular "Entity Type" in Schedule 3. References to "Standard Terms" means, in respect of a Reference Entity, the corresponding standard terms specified for its Entity Type in the Annexes to Schedule 4 or Schedule 5, as applicable.
Reference Obligation(s):	In respect of each Reference Entity, the obligation(s) (if any) identified as such in respect of such Reference Entity in Schedule 3.
Substitution:	[Applicable]/[Not Applicable]
	[Additional Rating Agencies: [ ] ]
All Guarantees:	In respect of a Reference Entity, "Applicable" or "Not Applicable" shall apply as specified in the applicable Standard Terms.
Reference Price:	[100%] <sup>90</sup>

2. **Credit Event Provisions:**

Calculation Amount:	Subject to the occurrence of a Succession Event or the designation of a Partial Redemption Portion following a Restructuring Credit Event, in respect of each Reference Entity an amount (denominated in the same currency) equal to [the Aggregate Principal Amount of the Notes on the Issue Date]
Credit Events:	In respect of each Reference Entity, the Credit Events specified in the applicable Standard Terms

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<sup>90</sup> If a percentage is not so specified, the Conditions provide that the Reference Price will be one hundred percent.

Obligation Category and Characteristics:	In respect of each Reference Entity, the Obligation Category and Obligation Characteristics specified in the applicable Standard Terms
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[Excluded Obligations:] <sup>91</sup>	[None]
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**3. Settlement Terms:**

Terms Relating to Physical Settlement:

Deliverable Obligations:	In respect of each Reference Entity, [Exclude Accrued Interest].
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Deliverable Obligation Category and Characteristics:	In respect of each Reference Entity, the Deliverable Obligation Category and Deliverable Obligation Characteristics specified in the applicable Standard Terms.
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[Excluded Deliverable Obligations:] <sup>92</sup>	Any obligation of a Reference Entity other than the Reference Entity the subject of the Credit Event and [ ]
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Settlement Currency:	[ ]
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Interest until Credit Event Notice Date:	[Applicable]/[Not Applicable]
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Deduct Hedging Costs	[Applicable]/[Not Applicable]
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<sup>91</sup>Unless specified here as an Excluded Obligation, the Reference Obligation will be an Obligation.

<sup>92</sup> Unless specified as an Excluded Deliverable Obligation, the Reference Obligation will, subject to Condition 6(n) and the second paragraph of the definition of "Not Contingent" in Condition 6(p)(i)(2)(A), be a Deliverable Obligation even though at the time of delivery it does not fall into the Obligation Category or lacks any or all Deliverable Obligation Characteristics.



## SCHEDULE 2

## SPECIAL CONDITIONS

*The Conditions shall be supplemented and modified by the following Special Conditions. In the event of any inconsistency between the Conditions and such Special Conditions, such Special Conditions shall prevail and the Conditions shall be amended accordingly.*

(1) **Interest**

(a) If the Notes are Fixed Rate Notes, Condition 3 (*Interest on Fixed Rate Notes*) shall apply with the following amendments:

- (i) the existing Condition 3 shall become Condition 3(a), with the heading "*Interest conditionally payable*", and shall be amended by the insertion of the words "Subject to Condition 3(b) below," at the beginning; and
- (ii) the following provision shall be included as Condition 3(b):

"(b) Condition precedent to interest entitlement

The Issuer's obligation to make any payment of interest in accordance with Condition 3(a) is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Fixed Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that a Credit Event Notice is given or in respect of any subsequent period; *provided, however, that*, if "Interest until Credit Event Notice Date" is specified then the Issuer shall, as soon as reasonably practicable, pay the interest accrued to, but excluding, the Credit Event Notice Date (or, if such date is after the Initial Maturity Date, the Initial Maturity Date)."

(b) If the Notes are Floating Rate Notes, Condition 4 (*Interest on Floating Rate Notes*) will apply with the following amendments:

- (i) existing Condition 4(a) (*Accrual of Interest*) shall be amended by the substitution of "*Interest conditionally payable*" for "*Accrual of Interest*" in the heading and by the insertion of the words "Subject to Condition 4(h) below," at the beginning;
- (ii) existing Condition 4(b) (*Interest Payment Dates and Interest Periods*) shall be amended by the insertion of the words "Subject to Condition 4(g) below," at the beginning; and
- (iii) the following provision shall be included as Condition 4(g):

"(g) Condition precedent to interest entitlement

The Issuer's obligation to make any payment of interest in accordance with Conditions 4(a) and (b) is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that a Credit Event Notice is given or in respect of any subsequent period; *provided, however, that*, if "Interest until Credit Event Notice

Date" is specified then the Issuer shall, as soon as reasonably practicable, pay the interest accrued to, but excluding, the Credit Event Notice Date (or, if such date is after the Initial Maturity Date, the Initial Maturity Date)."

(2) **Redemption and Purchase**

Condition 6 (*Redemption and Purchase*) shall apply with the following amendments:

(a) The following provision shall be substituted for the existing Condition 6(a):

"6(a) *Final Redemption*

- (i) Subject to Condition 6(a)(ii) below and subject as otherwise set out in the Conditions, the Notes will, unless previously redeemed or purchased and cancelled, be redeemed at their principal amount or such other redemption amount as may be set out in or determined in accordance with the Conditions on the Maturity Date specified in the relevant Conditions.
- (ii) The Issuer's obligation to redeem the Notes in accordance with Condition 6(a)(i) above is subject to the condition precedent that no Credit Event Notice has been given on or before the Maturity Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to redeem the Notes in accordance with Condition 6(a)(i) above if, on or before the Maturity Date, a Credit Event Notice has been given. In such circumstances, the only obligations of the Issuer with regard to redemption of the Notes shall be to redeem the Notes by Delivery of Deliverable Obligations, subject to the adjustments and deductions provided for herein, in accordance with and subject to the following provisions of this Condition 6.
- (iii) Where the Issuer has given a Credit Event Notice the Notes will be redeemed by the Issuer, subject to the provisions of Conditions 6(l) and (m) by (A) where the Deliverable Obligation Category specified is Borrowed Money, the Delivery by the Issuer of Deliverable Obligations with an outstanding principal balance (including accrued but unpaid interest (as determined by the Calculation Agent) if "Include Accrued Interest" is specified, but excluding accrued but unpaid interest if "Exclude Accrued Interest" is specified, and if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified, excluding accrued but unpaid interest) or (B) where the Deliverable Obligation Category specified is not Borrowed Money, the Delivery of Deliverable Obligations by the Issuer with a Due and Payable Amount (or, in the case of either (A) or (B), the equivalent Currency Amount of any such amount), in the aggregate amount as of the relevant Delivery Dates equal to the Physical Settlement Amount; *provided, however, that*, if "Deduct Hedging Costs" is specified then the Issuer shall deduct from the Deliverable Obligations otherwise deliverable pursuant to this paragraph (iii) a portion of the Deliverable Obligations selected by the Issuer in its sole discretion with a market value (or the equivalent Currency Amount) (as determined by the Issuer in its sole discretion as of the Credit Event Notice Date) equal to the Hedging Costs (rounded up to the nearest whole denomination of Deliverable Obligations so selected).

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

- (b) The following Conditions 6(j), (k), (l), (m), (n), (o), (p), (q) and (r) shall be added to Condition 6 (Condition 6(i) being omitted):

"6(j) *Redemption following the occurrence of a Credit Event*

- (i) Notwithstanding the provisions of the other Conditions, following the occurrence of a Credit Event in relation to any Reference Entity on or after the Credit Linkage Commencement Date and on or prior to the specified Maturity Date (the "**Initial Maturity Date**") or (if the Maturity Date is deemed extended under Condition 6(k)) the Extended Maturity Date, the Issuer may at any time on or before the Initial Maturity Date or (if applicable) the Extended Maturity Date, and irrespective of whether such Credit Event is continuing and/or any other Credit Event(s) (with respect to the same or one or more other Reference Entities) has occurred, give notice thereof to the Noteholders on or prior to the Maturity Date or (if applicable) the Extended Maturity Date (such notice, the "**Credit Event Notice**" and the date on which such notice is given, the "**Credit Event Notice Date**") in accordance with Condition 13. The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event(s) with regard to a Reference Entity shall prejudice the Issuer's right to give notice with respect to such Credit Event or any other Credit Event in relation to such or any other Reference Entity provided such notice is given no later than on or prior to the Maturity Date or (if applicable) the Extended Maturity Date.

Further, the Issuer may give a Credit Event Notice whether or not it has already taken any steps to exercise its option under Condition 6(b) (*Early Redemption for Taxation Reasons*), and any giving of a Credit Event Notice shall supersede and override any earlier exercise of such option.

- (ii) The Issuer shall, no later than the thirtieth calendar day following the Credit Event Notice Date (or, if the Credit Event Notice Date is not a Business Day, the next following Business Day), give notice to the Noteholders (such notice, the "**Notice of Physical Settlement**" and the date on which such notice is given, the "**Notice of Physical Settlement Date**") in accordance with Condition 13, containing details of the Deliverable Obligations that the Issuer expects to Deliver to the Noteholders and the date upon which the Issuer reasonably expects to commence Delivering such Deliverable Obligations (the "**Settlement Commencement Date**"), being a day no later than the thirtieth nor earlier than the eleventh Business Day following the Notice of Physical Settlement Date. The Issuer may notify the Noteholders in accordance with Condition 13 that the Issuer is changing one or more Deliverable Obligations to be Delivered (to the extent such Deliverable Obligation has not previously been Delivered) or the detailed description thereof, but each such notice must be effective on or prior to the relevant Delivery Date. Notwithstanding the

foregoing, the Issuer may correct any errors or inconsistencies in the detailed description of the Deliverable Obligations by notice to the Noteholders (given as aforesaid) prior to the relevant Delivery Date.

- (iii) Each Noteholder shall, within the period of 10 Business Days from the Notice of Physical Settlement Date, give notice to the Issuer and the Calculation Agent (through the relevant clearing system where the Notes are held through Euroclear, Clearstream, Luxembourg or any other clearing system) of (A) details of the account with Euroclear, Clearstream, Luxembourg or other relevant clearing system to which such Noteholder's share of the Deliverable Obligations should be Delivered, if the share of the Deliverable Obligations to be Delivered to such Noteholder comprises Deliverable Obligations that are then Deliverable through any such clearing system or (B) if such share comprises Deliverable Obligations that are not so deliverable, appropriate Delivery instructions and all necessary consents or authorisations (including of any applicable designee pursuant to Condition 6(l)(ii)) with respect thereto as requested by the Issuer or the Calculation Agent. Any such notice shall be irrevocable unless the Issuer and the Calculation Agent agree otherwise.
- (iv) Subject to the other provisions of these Conditions, the Issuer shall, during the period of 100 Business Days commencing on and including the Settlement Commencement Date (the "**Physical Settlement Period**") and against presentation and surrender of the Notes, redeem the Notes by Delivering to the Noteholders in aggregate all of the Deliverable Obligations specified in the Notice of Physical Settlement, such Deliverable Obligations to be Delivered to Noteholders as more particularly provided in (v) below and on a pro-rata basis, rounded down to the nearest allowable nominal amount of Deliverable Obligations (and the Issuer shall make a cash supplementary payment to each Noteholder in an amount equal to the value attributable to the nominal amount by which the Deliverable Obligations Delivered to such Noteholder were rounded down, as determined by the Issuer or the Calculation Agent). For the avoidance of doubt, no further amounts or property (including without limitation interest on the Notes which shall cease, in certain circumstances, to be payable as provided in (vi)) below shall be due from the Issuer to the Noteholders. Without prejudice to the other provisions of these Conditions, the Issuer shall not be liable for any failure to Deliver, or any delay in Delivering, any obligation(s) under this Condition 6 as a result of any of the circumstances set forth in Condition 6(m)(i)(A) through (C) and (ii)(2).
- (v) Where the Deliverable Obligations comprise securities deliverable through Euroclear, Clearstream, Luxembourg or any other clearing system, the share of such Deliverable Obligations to be Delivered to a Noteholder shall, subject to the other provisions of these Conditions, be Delivered to the relevant account with the relevant clearing system details of which have been notified to the Issuer and the Calculation Agent in accordance with (iii) above or, in default of such notification, to the account with any clearing system through which such Noteholder's Notes are held. Where the Deliverable Obligations comprise loans or other obligations which are not deliverable through a clearing system, the Delivery of such Deliverable Obligations to be Delivered to a Noteholder shall, subject to the other provisions of these Conditions, be effected as contemplated

in Conditions 6(l) and 6(m) in accordance with the relevant Delivery details notified to the Issuer and the Calculation Agent in accordance with (iii)(B) above or, in default of such notification, by cash settlement as contemplated in Condition 6(m).

- (vi) If the Issuer gives a Credit Event Notice:
  - (a) the Issuer shall be obliged to redeem the Notes only by Delivery of Deliverable Obligations as provided in (iv) above (or, if applicable, in accordance with Condition 6(m)); and
  - (b) the Issuer shall not be liable to pay interest on the Notes in respect of all or any part of the Interest Period current at the relevant Credit Event Notice Date (or, if such date is on or after the Initial Maturity Date, the Interest Period to (but excluding) the Initial Maturity Date) nor in respect of any subsequent period, and interest shall be treated as having ceased to accrue accordingly; *provided, however, that*, if "Interest until Credit Event Notice Date" is specified then the Issuer shall, as soon as reasonably practicable, pay the interest accrued to, but excluding, the Credit Event Notice Date (or, if such date is after the Initial Maturity Date, the Initial Maturity Date).
- (vii) This Condition 6(j)(vii) applies if the Calculation Amount is required to be allocated as contemplated in paragraph (e) of the definition of Successor in Condition 6(q). In such circumstances:
  - (a) the Issuer shall be entitled under this Condition 6(j) to give multiple Credit Event Notices, one with respect to each relevant Successor in respect of which such allocation is to be made, and where any Credit Event Notice is so given, the conditions precedent to the obligations of the Issuer to pay interest on, and principal of, the Notes shall be treated as unsatisfied only in relation to a proportion of the Aggregate Principal Amount of the Notes equal to the proportion of the Calculation Amount allocated to the relevant Successor;
  - (b) where any Reference Entity (a "**Surviving Reference Entity**") (other than the Reference Entity the subject of the Succession Event) is a Successor to any Reference Entity (the "**Legacy Reference Entity**"), then such Surviving Reference Entity shall be deemed to be specified as a Reference Entity once only and the Calculation Amount in respect of such Reference Entity shall be the sum of the Calculation Amount applicable to that Reference Entity immediately prior to the Succession Event and the relevant portion of the Calculation Amount of the Legacy Reference Entity as provided in paragraph (e) of the definition of Successor;
  - (c) where a Credit Event Notice is so given the provisions of this Condition 6 will apply so as to require redemption of the Notes by Delivery of Deliverable Obligations (or alternative amounts) in a principal amount equal to the portion of the Calculation Amount so allocated to the relevant Successor (which shall be the amount on which interest shall be

treated as having ceased to accrue or to accrue (as applicable) as contemplated in (vi) above); and

- (d) save where the full principal amount of the Notes has been so redeemed, the Issuer shall remain entitled notwithstanding any such partial redemption to give one or more further Credit Event Notices with respect to any such Successors or any other Reference Entity, in respect of which no Credit Event Notice has been effectively given.
- (viii) This Condition 6(j)(viii) applies if one or more Restructuring Credit Events occurs on or prior to the Initial Maturity Date or (if the Maturity Date is deemed extended under Condition 6(k)) the Extended Maturity Date (and whether or not such event is continuing). In such circumstances:
  - (a) the Issuer shall be entitled to redeem the Notes in part only by giving a Credit Event Notice with respect to the relevant Restructuring Credit Event and specifying in such notice (A) that partial redemption only of the Notes is required and (B) the portion of the Calculation Amount (being an amount which is (x) less than the outstanding principal amount of the Notes and (y) at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the Calculation Amount is denominated or an integral multiple thereof) in respect of which such partial redemption is required (the proportion of such portion of the Calculation Amount being the "**Partial Redemption Portion**" applicable with respect to such Credit Event Notice); and
  - (b) where a Credit Event Notice is given as contemplated in (a) above:
    - (i) the Calculation Amount in respect of the relevant Reference Entity shall thereafter be deemed reduced by an amount equal to the Partial Redemption Portion of the Calculation Amount immediately preceding the giving of the Credit Event Notice; and
    - (ii) the Notes shall be partially redeemed in a principal amount in aggregate equal to the applicable Partial Redemption Portion of the Calculation Amount by Delivery of Deliverable Obligations (or alternative amounts) in accordance with this Condition 6(j) and Conditions 6 (l) and (m) as if references to the Calculation Amount were references to the portion thereof so specified and otherwise as nearly as the circumstances permit.

The Issuer shall be entitled to require such a partial redemption (or a redemption in full of the Notes) with respect to each Restructuring Credit Event which may occur and whether or not a partial redemption has been required in respect of another Restructuring Credit Event. For the avoidance of doubt, the Issuer shall, notwithstanding any such partial redemption having been required in connection with a Restructuring Credit Event, remain entitled to give a Credit Event Notice with respect to any other Credit Event and redeem the Notes in accordance with the provisions of this Condition 6 applicable where a Credit Event Notice has been given.

6(k) *Maturity Date Extension*

The specified Maturity Date may be subject to extension in the following circumstances:

(i) *Grace Period Extension*

Notwithstanding the provisions of the Conditions, if, as regards one or more Reference Entities:

- (1) "Grace Period Extension" is specified;
- (2) a Potential Failure to Pay occurs on or prior to the Initial Maturity Date; and
- (3) the applicable Grace Period would otherwise end on a day subsequent to the Initial Maturity Date,

then the specified Maturity Date shall, subject to (ii) below, be extended to the second Business Day following the latest occurring Grace Period Extension Date (the "**Grace Period Maturity Date**"); and/or

(ii) *14 day additional extension for potential Credit Events*

Notwithstanding the provisions of the Conditions, if the Issuer delivers to the Noteholders on or before the Initial Maturity Date or, if (i) above applies, the Grace Period Maturity Date, a notice, in accordance with Condition 13, stating that in the opinion of the Issuer a Credit Event may have occurred with respect to one or more Reference Entities on or before the Initial Maturity Date or, with respect to the Reference Entities the subject of (i) above, the Grace Period Maturity Date, but that it is not yet able to deliver a Credit Event Notice on or before the Initial Maturity Date or, with respect to the Reference Entities the subject of (i) above, the Grace Period Maturity Date, then the specified Maturity Date shall be extended to the second Business Day following the day that is 14 calendar days following the Initial Maturity Date or Grace Period Maturity Date, as applicable (the "**Potential Credit Event Maturity Date**").

The later of the Grace Period Maturity Date (if any) and the Potential Credit Event Maturity Date (if any) shall be the "**Extended Maturity Date**"; *provided that*, notwithstanding the other provisions of the Conditions but without prejudice to Condition 6(j):

- (A) interest shall in any event cease to accrue in respect of the outstanding principal amount of the Notes on the Initial Maturity Date and Conditions 3, 4 and/or 5 shall be construed accordingly; and
- (B) references in Condition 6(a) to the Maturity Date shall be construed as references to the Extended Maturity Date. Any such interest accrued to the Initial Maturity Date (unless such interest is treated as having ceased to accrue as provided in Condition 6(j)(vi)) shall be payable on the Extended Maturity Date.

6(l) *Delivery Procedures*

- (i) The Issuer shall execute, deliver, file and record any specific assignment, novation or other document and take any other action that may be necessary or customary in connection with the Issuer's Delivery of the Deliverable Obligations subject to the relevant Noteholder executing, delivering, filing and recording any such documents and taking such other action as may be reasonably requested by the Issuer or as may be necessary or customary in connection with such Delivery.
- (ii) The Issuer or any Noteholder (the "**designator**") may designate any of its Affiliates (the "**designee**") to Deliver or take Delivery, as the case may be, and otherwise to perform such party's obligations to Deliver or take Delivery, as the case may be, and the designee may assume such obligations. Such designation shall not relieve the designator of any of its obligations hereunder. If the designee has performed the obligations of the designator hereunder, then the designator shall be discharged from its obligations to the other party to the extent of such performance. If, as a result of such designation, (a) it would be illegal due to any applicable law or regulation for the designee to so Deliver or take Delivery, Delivery by or to such designee shall not be permitted or (b) such Delivery would give rise to any Tax or any loss or cost to the Issuer, then Delivery shall not be permitted unless the Issuer has received an indemnity acceptable to it from the designator with respect to such Tax, loss or cost. If such indemnity is not forthcoming, such failure shall be deemed to be a failure to give appropriate details pursuant to Condition 6(j) and result in the application of Condition 6(m).
- (iii) Any recordation, processing or similar fee reasonably incurred by the Issuer and payable to the agent under a Loan in connection with an assignment (where Deliverable Obligations include Assignable Loans or Consent Required Loans) or participation (where Deliverable Obligations include Direct Loan Participations) shall be payable by the relevant Noteholder on the Delivery Date, and to the extent unpaid the Issuer may deduct such amount from any payment or delivery (in the case of a delivery, by deduction of a quantity of the relevant obligations with an equivalent value, as determined by the Issuer) that may otherwise be due from the Issuer to a Noteholder pursuant to these Conditions.
- (iv) Notwithstanding any other provision hereof, if any Stamp Tax is payable in connection with the Delivery of any obligation, payment of such Stamp Tax shall be made by the party that would in the ordinary course bear such cost under a contract for the purchase of such obligation.

*6(m) Cash Settlement*

- (i) If, due to an event beyond the control of the Issuer, it is impossible or illegal for the Issuer to Deliver, or due to an event beyond the control of a Noteholder it is impossible or illegal for such Noteholder to accept Delivery (as promptly notified by that Noteholder to the Issuer and the Calculation Agent through the relevant clearing system where the Notes are held through Euroclear, Clearstream, Luxembourg or any other clearing system) of, any part of that Noteholder's share of the Deliverable Obligations specified in the Notice of



Physical Settlement during the Physical Settlement Period (including, without limitation:

- (A) due to failure of any relevant clearance system or due to any law, regulation or court order, but not including market conditions or the failure to obtain any requisite consent from any party, other than the Reference Entity or any of its Affiliates, with respect to the Delivery of Loans; or
- (B) the inability to pro rata divide any Deliverable Obligation for the purposes of Delivery thereof to the Noteholders; or
- (C) the failure by the Issuer to receive all or any part of the Deliverable Obligations during the Physical Settlement Period, including without limitation, as a consequence of the failure of any related hedging transaction to settle during the Physical Settlement Period),

then:

- (a) the Issuer shall Deliver and the relevant Noteholder shall take Delivery during the Physical Settlement Period of that part of that Noteholder's share of the Deliverable Obligations specified in the Notice of Physical Settlement for which it is possible and legal to take Delivery; and
  - (b) the Issuer or Noteholder, as applicable, shall provide a description in reasonable detail of the facts giving rise to such impossibility or illegality and, as soon as practicable thereafter, the Issuer shall Deliver and the relevant Noteholder shall take Delivery of that part of that Noteholder's share of the Deliverable Obligations specified in the Notice of Physical Settlement which was not Delivered.
- (ii) If:
- (1) following the occurrence of any impossibility or illegality as contemplated in (i) above, any part of the Noteholder's share of the Deliverable Obligations to be Delivered is not Delivered to a Noteholder on or prior to the day that is 21 Business Days following the expiry of the Physical Settlement Period; or
  - (2) a Noteholder fails to give appropriate Delivery details pursuant to Condition 6(j) within the period of 10 Business Days from the relevant Notice of Physical Settlement Date,

then the Issuer shall, in the case of (1), or may, in the case of (2), as soon as reasonably practicable thereafter pay to the relevant Noteholder an amount equal to the market value of the relevant Deliverable Obligations, determined by the Calculation Agent in a commercially reasonable manner, after deduction of any costs, losses or expenses suffered or would, if the Issuer were to sell or dispose of the relevant Deliverable Obligations, be suffered by the Issuer in connection with such sale or disposal or otherwise in connection with the undelivered portion of the Deliverable Obligations and any further deductions provided for in these Conditions. Upon such payment by the Issuer to the

relevant Noteholder, the relevant Notes held by such Noteholder shall be cancelled and the Issuer shall have no further obligation in respect thereof. No interest shall be payable in addition to the amounts payable under this Condition 6(m)(ii). All payments referred to in this Condition 6(m)(ii) shall be made to the account of the Noteholder in the relevant clearing system through which the Notes are held unless the Issuer is directed otherwise in the notice given by the Noteholder pursuant to Condition 6(j)(iii).

6(n) *Restructuring Maturity Limitation and Modified Restructuring Maturity Limitation*

- (i) If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.
- (ii) If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

6(o) *Method for Determining Obligations*

- (i) For the purpose of the definition of Obligation in Condition 6(q) the term "**Obligation**" may be defined as each obligation of each Reference Entity described by the specified Obligation Category and having the specified Obligation Characteristics, if any, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:
  - (1) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified, and:
    - (A) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
    - (B) "**Borrowed Money**" means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
    - (C) "**Reference Obligations Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;

- (D) "**Bond**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (E) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (F) "**Bond or Loan**" means any obligation that is either a Bond or a Loan.
- (2) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, and:
- (A) (aa) "**Not Subordinated**" means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified, any unsubordinated Borrowed Money obligations of the Reference Entity. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (x) the specified Credit Linkage Commencement Date and (y) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date;
  - (bb) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into

account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

- (B) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such (or, if Specified Currency is specified and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be specified collectively as the "**Standard Specified Currencies**");
  - (C) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "**Paris Club debt**";
  - (D) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;
  - (E) "**Not Domestic Law**" means any obligation that is not governed by the laws of (1) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (2) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
  - (F) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
  - (G) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.
- (ii) If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category.
  - (iii) In the event that an Obligation is a Qualifying Guarantee, the following will apply:
    - (1) For purposes of the application of the Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.

- (2) For purposes of the application of the Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (3) For purposes of the application of the Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (4) For purposes of the application of the Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.

6(p) *Method for Determining Deliverable Obligations*

- (i) For the purposes of the definition of Deliverable Obligation in Condition 6(q) the term "**Deliverable Obligation**" may be defined as each obligation of each Reference Entity described by the specified Deliverable Obligation Category, having each of the specified Deliverable Obligation Characteristics, if any, in each case, as of the Delivery Date. The following terms shall have the following meanings:
  - (1) "**Deliverable Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in Condition 6(o)(i)(1) except that, for the purpose of determining Deliverable Obligations, Condition 6(o)(i)(1)(C) shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).
  - (2) "**Deliverable Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, and:
    - (A) "**Not Contingent**" means any obligation having as of the Delivery Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence

or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Deliverable Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (1) to convert or exchange such obligation or (2) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in (1) and (2) above of this Condition 6(p)(i)(2)(A) have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date;

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

- (E) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction *provided that* none of the following shall be considered contractual, statutory or regulatory restrictions:
- (x) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
  - (y) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (F) "**Maximum Maturity**" means an obligation that has a remaining maturity from the Settlement Commencement Date of not greater than the period specified;
- (G) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (H) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream, Luxembourg or any other internationally recognised clearing system.
- (ii) If Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan or Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may consist of Loans that satisfy any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.
- (iii) If (a) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified, the Conditions shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (b) the Deliverable Obligation Characteristic "Transferable" is specified, the Conditions shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only

be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (c) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified, the Conditions shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;

- (iv) If any of Payment, Borrowed Money, Loan, or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and
- (v) In the event that a Deliverable Obligation is a Qualifying Guarantee, the following will apply:
  - (1) For purposes of the application of the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
  - (2) For purposes of the application of the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Deliverable Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
  - (3) For purposes of the application of the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Deliverable Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
  - (4) For purposes of the application of the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
  - (5) The terms "outstanding principal balance" and "Due and Payable Amount" (as they are used in various other Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the



then "outstanding principal balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

6(q) *Credit-Linked Note Definitions*

**"Accreted Amount"** means, with respect to an Accreting Obligation, an amount equal to (i) the sum of (a) the original issue price of such obligation and (b) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (ii) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (i)(b) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent) only if "Include Accrued Interest" is specified. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such obligation's yield to maturity is not specified in, nor implied from, the terms of such obligation, then, for purposes of (i)(b) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (1) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (2) the Delivery Date. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable;

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

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

**"Bankruptcy"** means a Reference Entity (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit

of its creditors; (iv) institutes or has instituted against it 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, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) above (inclusive) of this definition of Bankruptcy.

**"Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified and such other days as may be specified.

**"Business Day Convention"** means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

- (i) if "Following" is specified, that date will be the first following day that is a Business Day;
- (ii) if "Modified Following" or "Modified" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and
- (iii) if "Preceding" is specified, that date will be the first preceding day that is a Business Day.

**"Calculation Amount"** means the amount specified as such.

**"Conditionally Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if

any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of Conditionally Transferable Obligation.

- (i) If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified and a Deliverable Obligation is a Conditionally Transferable Obligation with respect to which consent is required to novate, assign or transfer, then if the requisite consent is refused (whether or not a reason is given for such refusal and, where a reason is given for such refusal, regardless of that reason), or is not received by the Settlement Commencement Date (in which case it shall be deemed to have been refused), the Issuer shall promptly notify the Noteholders in accordance with Condition 13 of such refusal (or deemed refusal) and:
  - (A) Condition 6(l)(ii) shall apply with respect to the relevant Noteholder(s) as the "designator(s)", provided, however, that the designee need not be an Affiliate of such Noteholder(s); and
  - (B) if any such Noteholder does not designate a third party that takes Delivery on or prior to five (5) Business Days after the Settlement Commencement Date then the conditions to the application of Condition 6(m)(ii)(2) shall be deemed to have occurred.
- (ii) For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Delivery Date for the Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

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

**"Credit Event"** means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as specified, as determined by the Issuer or the Calculation Agent in its sole and absolute discretion (save that such determination shall be confirmed by Publicly Available Information). If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, any Underlying Obligor to enter into any Underlying Obligation,

(ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described or (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Linkage Commencement Date"** means the date specified as such.

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

**"Currency Rate"** means, whenever so required to be determined the rate for conversion of the currency of the Deliverable Obligation into the Settlement Currency determined by the Calculation Agent, as of the Notice of Physical Settlement Date (or, if the Notice of Physical Settlement is changed on or prior to the Delivery Date, the date notice of such change is effective), in its sole discretion.

**"Default Requirement"** means the amount specified as such, or its equivalent in the relevant Obligation Currency, or if no amount is so specified, USD10,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Credit Event.

**"Deliver"** means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Deliverable Obligations specified in the Notice of Physical Settlement to the Noteholders free and clear of any and all liens, charges, claims or encumbrances (including, without limitation, any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) in the definition of Credit Event) or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor); *provided that* to the extent that the Deliverable Obligations consist of Direct Loan Participations, **"Deliver"** means the creation (or procurement of the creation) of a participation in favour of the Noteholder and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, **"Deliver"** means to Deliver both the Qualifying Guarantee and the Underlying Obligation. **"Delivery"** and **"Delivered"** will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time as determined by the Issuer.

**"Deliverable Obligation"** means subject to Condition 6(n):

- (i) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee determined pursuant to the method described in Condition 6(p) (but excluding any Excluded Deliverable Obligation) that (A) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) in the definition of Credit Event above) or right of set-off by or of a Reference Entity or any applicable Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (ii) subject to the second paragraph of the definition of Not Contingent in Condition 6(p)(i)(2)(A), each Reference Obligation, unless specified as an Excluded Deliverable Obligation;
- (iii) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) of the definition of Credit Event above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (iv) any other obligation of a Reference Entity specified as a Deliverable Obligation.

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

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

United States of America or the euro (or any successor currency to any such currency).

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

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

"**Eligible Reference Entity**" means an entity:

- (i) that is in the same Moody's, S&P or Additional Rating Agency industry group (the "**Industry Requirement**") as the relevant Surviving Reference Entity, where:

"**Moody's**" means Moody's Investors Service, Inc.;

"**S&P**" means Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc; and

"**Additional Rating Agency**" means the rating agency specified as such.

- (ii) that has a bid-side credit spread at any time, selected by the Calculation Agent in its sole discretion in the period from and including the legally effective date of the relevant Succession Event to and including the date of designation by the Issuer of the Replacement Reference Entity, no greater than 110% of the bid-side credit spread of the relevant Surviving Reference Entity at such time (the "**Credit Spread Requirement**"), in each case based on a credit default swap:
  - (a) on market standard terms for the relevant entity as at the time of such determination;
  - (b) in respect of a floating rate payer calculation amount equal to at least 50 per cent., but not more than 100 per cent., of the Calculation Amount of the relevant Surviving Reference Entity; and
  - (c) with a term equal to the period from and including the date of the determination to and including the Initial Maturity Date (the "**Remaining Term**"), *provided that* if the Issuer, having used reasonable endeavours, cannot obtain quotations from at least three dealers in respect of the Remaining Term, the term for the purposes of this sub-clause (c) shall be five years.

The bid-side credit spreads for the purpose of the Credit Spread Requirement shall be the unweighted arithmetic mean of the spread quotations obtained by the Issuer (on the basis of the terms set out above) from at least three dealers, as determined by the Issuer in its sole and absolute discretion;

- (iii) that is principally traded in the credit derivatives market in respect of the same Geographical Region as the relevant Surviving Reference Entity, as determined by the Calculation Agent, where:

**"Geographical Region"** means such region determined by the Calculation Agent to give best effect to then current market practice in respect of the relevant Surviving Reference Entity; and

- (iv) that is not an Affiliate of any Reference Entity or the Issuer immediately prior to and following the relevant Succession Event as determined by the Calculation Agent.

**"Eligible Transferee"** means each of the following:

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

provided, however, in each case that such entity has total assets of at least USD500,000,000;

- (ii) an Affiliate of an entity specified in (i) above;
- (iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity
  - (a) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least USD100,000,000 or (B) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD100,000,000; or
  - (b) that has total assets of at least USD500,000,000; or
  - (c) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in (i), (ii), (iii)(b) above or (iv) below; and

- (iv) a Sovereign, Sovereign Agency or Supranational Organisation

(all references in this definition to USD including equivalent amounts in other currencies).

**"Equity Securities"** means:

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

**"Exchangeable Obligation"** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holder of such obligation). With respect to any Exchangeable Obligation that is not an Accreting Obligation, "outstanding principal balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**"Excluded Deliverable Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Excluded Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Extended Maturity Date"** has the meaning ascribed thereto in Condition 6(k).

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

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

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



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

**"Grace Period"** means with respect to an Obligation the lesser of (i) the applicable grace period with respect to payments under the terms of such Obligation in effect as of the later of the Credit Linkage Commencement Date and the date as of which such obligation is issued or incurred and (ii) a period of thirty calendar days.

**"Grace Period Extension Date"** means, with respect to any Potential Failure to Pay, the date that is the number of days constituting the relevant Grace Period after the date of the commencement of such Potential Failure to Pay.

**"Hedging Costs"** means an amount equal to the aggregate costs to the Issuer and/or its affiliates of terminating, transferring or liquidating any transaction related to the issuance of the Notes, as determined by the Issuer in its sole and absolute discretion, including, without limitation, any related hedging transactions.

**"Initial Maturity Date"** has the meaning ascribed thereto in Condition 6(j)(i).

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

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

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

**"Obligation"** means (i) any obligation of a Reference Entity (either directly or as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee) determined pursuant to the method described in Condition 6(o) (but excluding any Excluded Obligation), (ii) each Reference Obligation, unless specified as an Excluded Obligation, and (iii) any other obligation of a Reference Entity specified as such.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however

described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

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

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

**"Payment Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if Payment Requirement is not so specified, USD1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Physical Settlement Amount"** means the Calculation Amount multiplied by the Reference Price.

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

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

In relation to any information of the type described in (ii), (iii) or (iv) above, the Issuer and the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the

Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.

Publicly Available Information need not state (a) in relation to the definition of Downstream Affiliate above, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity and (b) that such occurrence (1) has met the Payment Requirement or Default Requirement, (2) is the result of exceeding any applicable Grace Period or (3) has met the subjective criteria specified in certain Credit Events.

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

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

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

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

**"Reference Entity"** means each entity specified as such. Any Successor to a Reference Entity identified pursuant to the definition of Successor below shall be a Reference Entity as determined pursuant to such definition.

**"Reference Obligation"** means each obligation specified as such (if any are so specified) and any Substitute Reference Obligation.

**"Reference Price"** means the percentage specified or, if a percentage is not specified, one hundred percent.

**"Replacement Reference Entity"** means, with respect to a Surviving Reference Entity, an Eligible Reference Entity selected by the Issuer in its sole and absolute

discretion and notified as soon as reasonably practicable to the Noteholders in accordance with Condition 13.

**"Repudiation/Moratorium"** means an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement.

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

**"Restructuring"**

- (a) **"Restructuring"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Linkage Commencement Date and the date as of which such Obligation is issued or incurred:
- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
  - (iii) a postponement or other deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency ("Permitted Currency" meaning (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of the McGraw Hill Companies, Inc or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or

AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof).

- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
- (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
  - (ii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- (c) If Multiple Holder Obligation is specified, then, notwithstanding anything to the contrary in this definition of Restructuring, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.
- (d) For purposes of (a), (b) and (c) above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.

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

**"Restructuring Maturity Limitation Date"** means the date that is the earlier of (i) thirty months following the Restructuring Date and (ii) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Maturity Date or (if applicable) the Extended Maturity Date, or later than 30 months following the Maturity Date or (if applicable) the Extended Maturity Date and if it is it shall be deemed to be the Maturity Date or thirty months following the Maturity Date, as the case may be.

**"Settlement Currency"** means the currency specified or, if no currency is so specified, the currency of denomination of the Calculation Amount.

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

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

"**Sovereign Restructured Deliverable Obligation**" means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the specified Deliverable Obligation Category and, subject to Condition 6(p)(iv), having each of the specified Deliverable Obligation Characteristics, if any, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

"**specified**" means, unless otherwise provided, as specified in Schedule 1 to the Final Terms relating to the Notes.

"**Stamp Tax**" means any stamp, registration, documentation or similar tax.

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

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks pari passu (or, if no such Obligation exists, then, at the Issuer's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the specified Credit Linkage Commencement Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date) and (ii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying

Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.

- (c) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to one or more but not all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all the Reference Obligations of such Reference Entity and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations of such Reference Entity, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under sub-section (a) of this definition of Substitute Reference Obligation has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the latest of the Maturity Date and the Grace Period Extension Date (if any).
- (f) For purposes of identification of a Reference Obligation, any change in a Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

"**Successor**" shall have the meaning determined in accordance with the following provisions:

- (a) In relation to a Reference Entity that is not a Sovereign, "Successor" means, subject to (j) below, the entity or entities, if any, determined as set forth below:
  - (i) if one entity directly or indirectly succeeds to 75% or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;

- (ii) if only one entity directly or indirectly succeeds to more than 25% (but less than 75%) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25% of the Relevant Obligations will be the sole Successor;
- (iii) if more than one entity each directly or indirectly succeeds to more than 25% of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25% of the Relevant Obligations will each be a Successor and (e) below will apply;
- (iv) if one or more entities each directly or indirectly succeeds to more than 25% of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor and (e) below will apply;
- (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25% of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
- (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25% of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

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

- (b) "**Succession Event**" means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other



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

- (c) For purposes of interpreting this definition of Successor "succeed" means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to (a) above shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.
- (d) Where (i) a Reference Obligation has been specified with respect to a Reference Entity, (ii) one or more Successors to the Reference Entity have been identified and (iii) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with the definition of Substitute Reference Obligation below.
- (e) Where, pursuant to (a)(iii) or (iv) above, more than one Successor has been identified then, subject to (j) below:
- (i) each Successor will be treated as a Reference Entity;
  - (ii) the Calculation Agent shall allocate the Calculation Amount equally between all such Successors;
  - (iii) the provisions of Condition 6(j)(vii) shall apply; and
  - (iv) the Conditions will otherwise continue to apply except to the extent that modification is required, as determined by the Calculation Agent, to preserve the economic effect of the original Conditions.
- (f) "**Relevant Obligations**" means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best

Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

- (g) **"Best Available Information"** means:
- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information or, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of Successor, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
  - (ii) in the case of a Reference Entity which does not file with its primary securities regulator or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of Successor.
- (h) Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.
- (i) In relation to a Sovereign Reference Entity, "Successor" means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.
- (j) If Substitution is specified as applicable, where any Reference Entity (a **"Surviving Reference Entity"**) (other than the Reference Entity the subject of the Succession Event) would otherwise be a Successor to any other Reference Entity (the **"Legacy Reference Entity"**) pursuant to the foregoing provisions then, at the election of the Issuer at any time:
- (i) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
  - (ii) the Replacement Reference Entity selected by the Issuer shall be deemed to be a Successor to the Legacy Reference Entity pursuant to that Succession Event from and including the legally effective date of the Succession Event. The Standard Terms applicable to such Replacement Reference Entity shall be the Standard Terms applicable to the relevant Surviving Reference Entity as at the Credit Linkage Commencement Date as determined by the Calculation Agent.

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

**"Tax"** means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment or Delivery hereunder other than a stamp, registration, documentation or similar tax.

**"USD"** means the lawful currency of the United States of America.

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

6(r) *Determinations by the Calculation Agent and Calculation Agent Free to Deal in Notes etc*

- (i) Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, acting in good faith and in a reasonably commercial manner. The Calculation Agent shall not be liable for any loss, liability, cost, claim, action, demand or expense (including without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.
- (ii) Nothing contained herein shall prevent the Calculation Agent from dealing in the Notes or from entering into any related transactions, including without limitation any swap or hedging transactions, with the Issuer (or any of its respective Affiliates) or any holder of the Notes (or any of its Affiliates).

## SCHEDULE 3

## REFERENCE ENTITIES AND ENTITY TYPE

Reference Entity:	Reference Obligation:	Entity Type:
	Primary Obligor: Guarantor: Status: Maturity: Coupon: CUSIP/ISIN: Original Issue Amount: Reference Price:	
	Primary Obligor: Guarantor: Status: Maturity: Coupon: CUSIP/ISIN: Original Issue Amount: Reference Price:	

**SCHEDULE 4**

**STANDARD TERMS FOR CORPORATES**

The standard terms relating to each Entity Type which are corporates are set out in the Annexes to this Schedule 4.

**ANNEX A**  
**STANDARD TERMS FOR NORTH AMERICAN CORPORATE<sup>93</sup>**

All Guarantees:	Not Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring, if specified as applicable in the relevant [Confirmation]
	Restructuring Maturity Limitation and Fully Transferable Obligation Applicable
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

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<sup>93</sup> Investment Grade and High Yield

**ANNEX B**  
**STANDARD TERMS FOR EUROPEAN CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring
	Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX C**  
**STANDARD TERMS FOR AUSTRALIA CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring
	Restructuring Maturity Limitation and Fully Transferable Obligation Applicable
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency: Standard
	Specified Currencies & Domestic Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer



**ANNEX D  
STANDARD TERMS FOR NEW ZEALAND CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy Failure to Pay Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation Applicable
Obligation Category:	Borrowed Money None Physical Settlement 30 Business Days Bond or Loan
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated Specified Currency: Standard Specified Currencies & Domestic Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer

**ANNEX E**  
**STANDARD TERMS FOR JAPAN CORPORATE**

All Guarantees: Applicable

Credit Events: Bankruptcy

Failure to Pay

Payment Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 100,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. In all other cases, USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay.

Restructuring

Multiple Holder Obligation: Not Applicable

Default Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 1,000,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. In all other cases, USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.

Obligation Category: Borrowed Money

Obligation Characteristics: Not Subordinated

Deliverable Obligation Category: Bond or Loan

Deliverable Obligation Characteristics: Not Subordinated

Specified Currency: Standard

Specified Currencies & Domestic Currency

Not Contingent

Assignable Loan

Consent Required Loan

Transferable

Maximum Maturity: 30 years

Not Bearer

**ANNEX F**  
**STANDARD TERMS FOR SINGAPORE CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring
Obligation Category:	Bond or Loan
Obligation Characteristics:	Not Subordinated
	Specified Currency: Standard
	Specified Currencies & Domestic Currency
	Not Sovereign Lender
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency: Standard
	Specified Currencies & Domestic Currency
	Not Sovereign Lender
	Not Contingent
	Assignable Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX G**  
**STANDARDS TERMS FOR ASIA CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring
Obligation Category:	Bond or Loan
Obligation Characteristics:	Not Subordinated
	Not Sovereign Lender
	Not Domestic Currency
	Not Domestic Issuance
	Not Domestic Law
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Sovereign Lender
	Not Domestic Law
	Not Contingent
	Not Domestic Issuance
	Assignable Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX H**  
**STANDARD TERMS FOR SUBORDINATED EUROPEAN INSURANCE CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX I**  
**STANDARD TERMS FOR LATIN AMERICA CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Grace Period Ext.: Applicable
	Obligation Acceleration
	Repudiation/Moratorium
	Restructuring
	Multiple Holder Obl.: Not Applicable
Obligation Category:	Bond
Obligation Characteristics:	Not Subordinated
	Not Domestic Currency
	Not Domestic Law
	Not Domestic Issuance
Deliverable Obligation Category:	Bond
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Domestic Law
	Not Contingent
	Not Domestic Issuance
	Transferable
	Not Bearer

**SCHEDULE 5**

**STANDARD TERMS FOR SOVEREIGNS**

The standard terms relating to each Entity Type which are sovereigns are set out in the Annex to this Schedule 5.

**ANNEX A**  
**STANDARD TERMS FOR ASIA SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Repudiation/Moratorium
	Restructuring
Obligation Category:	Bond or Loan
Obligation Characteristics:	Not Subordinated
	Not Sovereign Lender
	Not Domestic Currency
	Not Domestic Law
	Not Domestic Issuance
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Sovereign Lender
	Not Domestic Law
	Not Contingent
	Not Domestic Issuance
	Assignable Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer



**ANNEX B**  
**STANDARD TERMS FOR EMERGING EUROPEAN & MIDDLE EASTERN SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Grace Period Extension: Applicable
	Obligation Acceleration
	Repudiation/Moratorium
	Restructuring
	Multiple Holder Obligation: Not Applicable
Obligation Category:	Bond
Obligation Characteristics:	Not Subordinated
	Not Domestic Currency
	Not Domestic Law
	Not Domestic Issuance
Deliverable Obligation Category:	Bond
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Domestic Law
	Not Contingent
	Not Domestic Issuance
	Transferable
	Not Bearer

**ANNEX C**  
**STANDARD TERMS FOR JAPAN SOVEREIGN**

All Guarantees: Applicable

Credit Events: Failure to Pay

Payment Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 100,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. In all other cases, USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay.

Repudiation/Moratorium

Restructuring

Multiple Holder Obligation: Not Applicable

Default Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 1,000,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. In all other cases, USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.

Obligation Category: Borrowed Money

Obligation Characteristics: None

Deliverable Obligation Category: Bond or Loan

Deliverable Obligation Characteristics: Specified Currency

Not Contingent

Assignable Loan

Consent Required Loan

Transferable

Maximum Maturity: 30 years

Not Bearer

**ANNEX D**  
**STANDARD TERMS FOR AUSTRALIA SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Repudiation/Moratorium
	Restructuring
	Restructuring Maturity Limitation and Fully Transferable Obligation Applicable
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency: Standard
	Specified Currencies & Domestic Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX E**  
**STANDARD TERMS FOR NEW ZEALAND SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Repudiation/Moratorium
	Restructuring
	Restructuring Maturity Limitation and Fully Transferable Obligation Applicable
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency: Standard
	Specified Currencies & Domestic Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX F**  
**STANDARD TERMS FOR SINGAPORE SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Repudiation/Moratorium
	Restructuring
Obligation Category:	Bond or Loan
Obligation Characteristics:	Not Subordinated
	Specified Currency: Standard
	Specified Currencies & Domestic Currency
	Not Sovereign Lender
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Specified Currencies & Domestic Currency
	Not Sovereign Lender
	Not Contingent
	Assignable Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX G**  
**STANDARD TERMS FOR LATIN AMERICA SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Grace Period Extension: Applicable
	Obligation Acceleration
	Repudiation/Moratorium
	Restructuring
	Multiple Holder Obligation: Not Applicable
Obligation Category:	Bond
Obligation Characteristics:	Not Subordinated
	Not Domestic Currency
	Not Domestic Law
	Not Domestic Issuance
Deliverable Obligation Category:	Bond
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Domestic Law
	Not Contingent
	Not Domestic Issuance
	Transferable
	Not Bearer

**ANNEX H**  
**STANDARD TERMS FOR WESTERN EUROPEAN SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Repudiation/Moratorium
	Restructuring
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Specified Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

(2) Single Reference Entity with Cash Settlement

**FINAL TERMS**

Final Terms dated [ ]

Series No.: [ ]

Tranche No.: [ ]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[Title of Notes] due [ • ]**

**Linked to [name of Reference Entity]**

This document constitutes the Final Terms relating to the issue of the Tranche of Notes or Certificates described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 2 August 2007 in relation to the above Programme [and the supplemental Prospectus dated [ ]<sup>94</sup> which [together] constitute[s] a base prospectus ("**Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**").

If this Final Terms indicates that it relates to an issue of Certificates, then all references herein and in the Prospectus to Notes shall be deemed to be references to "Certificates" for the purposes of this Issue.

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus [and the supplemental Prospectus] [is] [are] is available for viewing at [address] [and] [website]<sup>95</sup> and copies may be obtained from [address].]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [ ]]. This document constitutes the Final Terms of the notes described herein for the purposes of

<sup>94</sup> Only include details of supplemental Prospectus in which the Conditions have been amended for the purposes of all issues under the Programme.

<sup>95</sup> If required by the UKLA in accordance with Article 14 of the Prospectus Directive.



Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Prospectus] dated [original date] [and the supplemental Prospectus dated [ ]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus(es) dated [original date] and [current date] [and the supplemental Prospectus dated [ ] and [ ]]. [The Prospectus(es) are available for viewing at [address] and copies may be obtained from [address].

[For Notes offered and sold in the United States of America include:

#### **Important Notices**

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE STATE SECURITIES LAW OF ANY STATE OF THE UNITED STATES OR THE LAWS OF ANY OTHER JURISDICTION. THE NOTES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. SEE "TRANSFER RESTRICTIONS".

THE NOTES ARE BEING OFFERED (A) IN RELIANCE ON RULE 144A ("RULE 144A") UNDER THE SECURITIES ACT IN EACH CASE TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A; EACH A "QIB"), AND (B) IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES PURSUANT TO CLAUSE (A) ABOVE WILL BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

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

## AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

### **Information Concerning Investment Risk**

**Noteholders and prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition.**

**If a Credit Event Notice (as defined in Schedule 2) has been given in relation to the Reference Entity (as defined in Schedule 2), the Notes will be redeemable at the option of the Issuer exercised at any time thereafter, and irrespective of whether the relevant Credit Event (as defined in Schedule 2) is continuing, at an amount which may be substantially less than the par value of the Notes.**

**In particular, Noteholders should note that:**

- (a) the Issuer's obligations to pay interest on the Notes and to redeem the Notes at their principal amount are subject to the condition precedent that no Credit Event Notice has been given and, if any Credit Event Notice is given on or before the Maturity Date or (if applicable) the Extended Maturity Date (as defined in Schedule 2), then (1) unless specified otherwise no interest in respect of the interest period current on the date on which such Credit Event Notice is given or any subsequent period will be payable by the Issuer (but without prejudice to any interest payments already made to Noteholders or which became due and payable before the Credit Event Notice was given), and (2) the Issuer will not be obliged to redeem the Notes at their principal amount and the sole obligation of the Issuer with regard to redemption of the Notes will be to redeem the Notes at their principal amount less the Cash Settlement Amount (as defined in Schedule 2); and
- (b) it shall be the responsibility of the Noteholders to ensure that their accounting, regulatory and all other treatments of the Notes are consistent with the conditional nature of the Noteholders' entitlement to receive the payments referred to above.

**The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event shall prejudice the Issuer's right to give notice with respect to such (or any other) Credit Event provided such notice is given no later than the Maturity Date or (if applicable) the Extended Maturity Date. Noteholders and prospective purchasers of Notes should conduct their own investigations and, in deciding whether or not to**

**purchase Notes, prospective purchasers should form their own views of the merits of an investment linked to the credit risk of the Reference Entity based upon such investigations and not in reliance on any information given in this Final Terms.**

**Given the highly specialised nature of these Notes, the Issuer considers that they are only suitable for highly sophisticated investors who are willing to take considerable risks, who are able to determine for themselves the risk of an investment linked to the credit risk of the Reference Entity and who can absorb a substantial or total loss of principal and interest.**

**Consequently, if you are not an investor who falls within the description above you should not consider purchasing these Notes without taking detailed advice from a specialised professional adviser.**

#### **Issuer and Calculation Agent Disclaimers**

**The Issuer and Calculation Agent make no representation whatsoever with respect to the Reference Entity, any Reference Obligation, Obligation, Valuation Obligation or Underlying Obligation or any Underlying Obligor (each as defined in Schedule 2) on which it is relying or is entitled to rely.**

**The Issuer, the Calculation Agent and their respective Affiliates may deal in each Reference Obligation, Obligation, Valuation Obligation and/or Underlying Obligation and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, the Reference Entity, any Affiliate of the Reference Entity, any Underlying Obligor and/or any other person or entity having obligations relating to the Reference Entity or any such Affiliate or Underlying Obligor and may act with respect to such business in the same manner as each of them would if these Notes had not been issued, regardless of whether any such action might have an adverse effect on the Reference Entity, any Reference Obligation, Obligation, Valuation Obligation or Underlying Obligation or the Noteholders or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).**

**The Issuer, the Calculation Agent and their respective Affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the issue date of the Notes or at any time thereafter, be in possession of information in relation to the Reference Entity or any Underlying Obligor that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholders. There is no obligation on the part of the Issuer, the Calculation Agent or their respective Affiliates to disclose to the Noteholders any such relationship or information (whether or not confidential).**

**HSBC Bank plc as Calculation Agent will be entitled to make certain determinations and judgements under the Conditions including (inter alia) as to whether an event constituting a Credit Event has occurred and determining the Cash Settlement Amount. In making such determinations and judgements, potential conflicts of interest may exist between the Calculation Agent and the Noteholders. In its capacity as Calculation Agent, HSBC Bank plc does not act as a fiduciary for or as an adviser to any of the Noteholders in respect of any such determination or judgement or otherwise.**

**The Issuer accepts responsibility for the information contained in this Final Terms.**

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

1. (i) Issuer: HSBC Bank plc
- (ii) Arranger(s): HSBC Bank plc
2. (i) Series number: [ ]
- (ii) [Tranche number: [ ]  
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
- (iii) Whether issue is of Notes or Certificates: [Notes/Certificates] (if the issue is of Certificates, all references in this Final Terms and in the Prospectus to Notes shall be deemed to be "Certificates for the purposes of this issue")
3. Currency or currencies:
  - (i) of denomination: [ ]
  - (ii) of payment [ ]
4. Aggregate Principal Amount [of Notes admitted to trading]<sup>96</sup>:
  - [(i)] Series: [ ]
  - [(ii)] [Tranche:] [ ]
5. (i) Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
- (ii) Commission payable: [[ ] per cent./None]
- (iii) Selling concession: [[ ] per cent./None]
6. (i) Denomination(s): [ ]<sup>97</sup>  
(Condition 1(b))
- (ii) Calculation Amount: [ ]
7. (i) Issue Date: [ ]

<sup>96</sup> Delete for debt securities with a denomination per unit of less than EUR50,000.

<sup>97</sup> If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.

- (ii) Interest Commencement Date: [ ]
8. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year. In case of undated Notes specify undated.]  
(Condition 6(a)) See Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event
9. Interest basis: [[ ]% Fixed Rate]  
(Conditions 3 to 5) [[Specify reference rate]+/- [ ]% Floating Rate Notes]  
[Variable Coupon Amount]  
[Zero Coupon]  
[Other (specify)]  
[further particulars specified below]
- [Interest will be treated as having ceased to accrue as from the beginning of any Interest Period in which a Credit Event Notice is given under Condition 6(j)(i) - See Special Conditions, Schedule 2]<sup>98</sup>
10. Redemption basis: [Redemption at par]  
(Condition 6) [Credit-Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (specify)]  
See Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event
11. Change of interest or redemption basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]  
See Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event
12. Put/Call options: Not applicable. However, see Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event
13. (i) Status of the Notes: Unsubordinated, unsecured  
(Condition 2)

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<sup>98</sup> Include unless the Notes are Zero Coupon Notes

- (ii) Date [Board] approval for [ ] [and [ ], respectively]] (*N.B. Only relevant issuance of Notes obtained: where Board (or similar) authorisation is required for the particular tranche of Notes*)

14. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note provisions: [Applicable/Not applicable]  
(*Condition 3*) (*if not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Fixed Interest Payment Date(s): [ ] in each year
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount
- (iv) Day count fraction: [ ]
- (v) Determination Date: [ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon, N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA).*)
- (vi) Broken Amount(s): [ ] per Calculation Amount, payable on the Fixed Interest Payment Date falling [in/on] [ ].  
  
*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details] (*Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis*)
16. Floating Rate Note provisions: [Applicable/Not applicable]  
(*Condition 4*) (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Interest Period(s): [*specify*]
- (ii) Interest Payment Dates: [*specify dates*]  
  
*[If Business Day Convention embedded in Condition 4(b) is not to apply, specify alternative convention]*
- (iii) First Interest Payment Date: [ ]
- (iv) Screen Rate Determination: [ ]

- (1) Benchmark: [specify *LIBOR* or other]
- (2) Relevant Rate of Benchmark: [*Offered rate/Bid rate/Mean rate/other specify*]
- (3) Relevant screen page: [ ]
- (4) Interest Determination Date: [ ]
- (v) ISDA Determination: [ ]
- (1) Floating Rate Option: [ ]
- (2) Designated Maturity: [ ]
- (3) Reset Date: [ ]
- (vi) Margin: [+/-][ ] per cent. per annum
- (vii) Fallback Rate: [*specify method of calculating interest rate if applicable screen rate not available or fewer than two rates appear (where arithmetic mean is required, or where rate is not available for period of duration equal to Interest Period)*]
- (viii) Day count fraction: [ ]
- (ix) Relevant time: [ ]
- (x) Minimum Interest Rate: [ ] per cent. per annum
- (xi) Maximum Interest Rate: [ ] per cent. per annum
- (xii) Business Day: *(Condition 4(b))* The places specified with respect to "Business Day" in paragraph 1 of Schedule 1
- (xiii) Rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. Variable Coupon Amount Note provisions *(Condition 5)* [Applicable/Not applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest payment dates: [ ]
- (ii) Method of calculating interest: [ ]
18. Zero Coupon Note provisions: *(Condition 5)* [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-*

		<i>paragraphs of this paragraph)</i>
(i)	Amortisation Yield:	[ ] per cent. per annum
(ii)	Rate of interest on overdue amounts:	[ ]
(iii)	Redemption formula:	[ ] See also Special Conditions, Schedule 2
19.	Index-Linked Interest Note/Other Variable-Linked Interest Note provisions	Not applicable
20.	Dual Currency Note provisions	[Applicable/Not applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Currencies:	[ ]
(ii)	Exchange rate(s):	[give details] <sup>99</sup>
(iii)	Provisions applicable where calculation by reference to Exchange Rate impossible or impracticable:	[Need to include a description of Market disruption or settlement disruption events and adjustment provisions.]
<b>PROVISIONS RELATING TO REDEMPTION</b>		
21.	Issuer's optional redemption (Call): <i>(Condition 6(c))</i>	Not applicable. However, see Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event
22.	Noteholder's optional redemption (Put): <i>(Condition 6(d))</i>	[Yes/No]
(i)	Redemption amount (Put):	[ ] per Calculation Amount [ <i>specify – if not par, also specify details of any formula</i> ]
(ii)	Put option date(s)/Put option period:	[specify]
23.	Final redemption amount of each Note: <i>(Condition 6(a))</i>	[ ] per Calculation Amount [ <i>specify – if not par, also specify details of any formula</i> ] See Special Conditions, Schedule 2 for provisions relating to optional early redemption following a Credit Event

<sup>99</sup> If denomination per unit is less than EUR50,000, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying.



24. Final redemption amount of each Note in cases where the final redemption amount is Index-linked to other variable linked: Not applicable
25. Instalment Notes: *[specify]*  
(*Condition 6(a)*)
- (i) Instalment Amounts: [ ]
- (ii) Dates for payment of Instalments: [ ]
26. Early redemption amount: Yes
- (i) Early redemption amount (upon redemption for taxation reasons) (*Condition 6(b)*): In the event of early redemption for taxation reasons or upon enforcement, the early redemption amount shall be determined in good faith by the Calculation Agent in its absolute discretion to be the fair market value of the Notes immediately prior to the early redemption date, adjusted to account fully for any reasonable expenses and costs to the Issuer of unwinding any underlying and/or related hedging and funding arrangements
- (ii) Other redemption provisions: (*Condition 6(i)*) See Special Conditions, Schedule 2

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

27. Form of Notes: [ ]  
(*Condition 1(a)*)
- (i) Form of Notes: [Bearer/Registered]
- (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] [*Answer will be no where no registered Notes*]
28. New Global Note: [Yes/No] [*Answer will be No if the Notes are not Bearer Notes*]
29. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: [*specify*] [*Notes may only be represented initially by a Permanent Global Note if this Final Terms specifies that TEFRA C Rules apply*]
- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: Yes [*specify*]

*(Condition 1(a))*

- (iii) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes: [Yes – *specify*/No]
- (iv) Coupons to be attached to Definitive Notes: [Yes/No/Not applicable]  
[*N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems – see provisions contained in Permanent Global Note*]
- (v) Talons for future Coupons to be attached to Definitive Notes: [Yes/No/Not applicable]  
[*N.B. The above comment also applies here*]
- (vi) (a) Definitive Notes to be security printed: [Yes/No]  
[*N.B. The above comment also applies here*]
- (b) If the answer to (a) is yes, whether steel engraved plates will be used: [Yes/No/Not applicable]
- (vii) Definitive Notes to be in ICMA or successor's format: [Yes/No]  
[*N.B. The above comment also applies here*]
- (viii) Issuer or Noteholder to pay costs of security printing: [Issuer/Noteholder/Not applicable]
30. Exchange Date for exchange of Temporary Global Note: [*specify*]
31. Payments:  
*(Condition 8)*
- (i) Method of payment: [*specify if other than by cheque or transfer to a designated account*]
- (ii) Relevant Financial Centre Day: [*specify any additional places*]
32. Partly Paid Notes: [Yes/No]  
*(Condition 1)*
- If yes, specify number, amounts and dates for, and method of, payment of instalments of subscription monies and any further additional provisions (including forfeiture dates in respect of late payments of partly paid instalments)* [*specify*]

33. Redenomination:  
(Condition 9)
- (i) Redenomination: [Applicable/Not applicable]
- (ii) Exchange: [Applicable/Not applicable]
34. Other final terms: See Schedules 1, 2, 3, 4 and 5

**PROVISIONS APPLICABLE TO INDEX-LINKED NOTES, CASH EQUITY NOTES AND EQUITY-LINKED NOTES**

35. Security Delivery (Equity-Linked Notes only): Condition 21 does not apply
36. Provisions for Cash Equity Notes and Equity-Linked Notes Not applicable
37. Additional provisions for Equity-Linked Notes: Not applicable
38. Provisions for Index-Linked Notes: Not applicable
39. For Equity-Linked and Credit-Linked Notes: U.S. Federal Income Tax Considerations
40. Valuation Date(s): Not applicable
41. Valuation Time: Not applicable
42. Averaging Dates: No
43. Other terms or special conditions relating to Index-Linked Notes, Cash Equity Notes or Equity-Linked Notes: Not applicable

**DISTRIBUTION**

44. (i) If syndicated, names[, addresses and underwriting commitments]<sup>100</sup> of Relevant Dealer/Lead Manager: [Not applicable/HSBC Bank plc/other – specify]  
[Give addresses and underwriting commitments]
- (ii) If syndicated, names[, addresses and underwriting commitments] of other Dealers/Managers (if any): [Not applicable/other - give name]  
[Give addresses and underwriting commitments]  
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)

<sup>100</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

- (iii) Date of Subscription Agreement: [ ]
- (iv) Stabilising Manager (if any): [Not applicable/*give name*]
45. If non-syndicated, name [and address] of Relevant Dealer: [Not applicable/*give name [and address]*]
46. Total commission and concessions: [ ] per cent. of the Aggregate Principal Amount
47. Selling restrictions: [For Bearer Notes: TEFRA C Rule/ TEFRA D Rule]
- United States of America: [Notes may not be offered or sold within the United States of America or to or for the benefit of a U.S. person (as defined in Regulation S)]  
[Not Rule 144A eligible – *N.B. significant additional provisions will be required in order to permit Rule 144A eligibility*]
- Non-exempt Offer: [Not Applicable][An offer of the Notes may be made by the Managers [and specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported] ("**Public Offer Jurisdictions**") during the period from [specify date] until [specify date] ("**Offer Period**"). See further paragraphs 25 to 36 of Part B below.
- Other: [*specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement*]
48. [**Stabilisation:**] [**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days**]

**after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.]**

#### **[LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

#### **TRANSFER RESTRICTIONS**

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Base Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Base Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Base Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Base Prospectus or any documents referred to herein.

Each purchaser of Notes sold in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

- (3) The purchaser understands that certificates representing Restricted Notes will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE SECURITIES MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY TO OR THROUGH THE ISSUER (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), *PROVIDED*, THAT A PURCHASER OF THE SECURITIES PURSUANT TO (1), (2) OR (3) ABOVE SHALL HAVE EXECUTED AND DELIVERED TO THE ISSUER AN INVESTOR LETTER."

- (4) Each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [*Specify information*] has been extracted from [*insert name of source of information*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*insert name of source of information*], no facts have been omitted which would render the reproduced inaccurate or misleading.]

#### **CONFIRMED**

#### **HSBC BANK PLC**

By: \_\_\_\_\_

*Authorised Signatory*

**PART B - OTHER INFORMATION****1. LISTING**

(i) Listing [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority. No assurance can be given as to whether or not, or when, such application will be granted/other (specify)/None]

(ii) Admission to trading [Application [will be/has been] made for the Notes to be admitted to trading [on the Professional Securities Market/Gilt-Edged and Fixed Interest Market/other] with effect from [ ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the U.S. National Association of Securities Dealers.] [Not Applicable]

*[(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)]<sup>101</sup>*

*(NB: Notes admitted to trading to the UK gilt-edged and fixed interest market will also be admitted to the Official List as a matter of course.)*

**2. RATINGS**

Ratings: [The long term senior debt of HSBC Bank plc has been rated:]

[S&P: [•]]

[Moody's: [•]]

[[other]: [•]]

[The Notes have not specifically been rated.]

**3. [NOTIFICATION]**

The [include name of competent authority in EEA home Member State] [has been requested to provided/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate

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<sup>101</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

5. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer [ ]

*[If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.]*

(ii) Estimated net proceeds:

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses:

*[Include breakdown of expenses]<sup>102</sup>*

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)*

6. **[Fixed rate Notes only - YIELD**

Indication of yield:

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date]

[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.] ]

<sup>102</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.



7. **[Floating Rate Notes only - HISTORIC INTEREST RATES**

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]<sup>103</sup>

8. **[Index-Linked, Equity-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]<sup>104</sup>. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.]<sup>105</sup>*

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)]

9. **[Dual currency/Multi-currency Notes only - PERFORMANCE OF EXCHANGE RATE(S) [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]<sup>11</sup>**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]<sup>106</sup>.]<sup>10</sup>*

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)]

**OPERATIONAL INFORMATION**

10. ISIN Code: [ ]

11. Common Code: [ ]

12. CUSIP: [ ]

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<sup>103</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

<sup>104</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

<sup>105</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is less than 100% of the nominal value of the Notes).

<sup>106</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

13. New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]  
 [Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the common safe-keeper acting as agent for Euroclear or Clearstream, Luxembourg and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if "yes" selected in which case the Notes must be issued in NGN form]*
14. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [None/specify]
15. Delivery: Delivery [against/free of] payment
16. Settlement procedures: [Eurobond/Medium Term Note/other – specify]
17. Additional Paying Agent(s) (if any): [None/specify]
18. Common Depositary: [specify]
19. Agent Bank/Calculation Agent: [HSBC Bank plc]
- is Calculation Agent to make calculations? [Yes/No]
- if not, identify calculation agent: *[NB Calculation agent appointment letter required]*
20. Notices: *(Condition 13)* [specify any other means of effecting communication]
21. City in which specified office of Registrar to be maintained: *(Condition 14)* [specify]
22. Other relevant Terms and Conditions: See Schedules 1, 2, 3, 4 and 5
23. ERISA Considerations: [ ]

**TERMS AND CONDITIONS OF THE OFFER**

24. Offer Price: [Issue Price][specify]
25. Conditions to which the offer is subject: [Not Applicable/give details]

- |     |  |  |
|-----|--|--|
| 26. | Description of the application process:  | [Not Applicable/ <i>give details</i> ] |
| 27. | Description of possibility to reduce subscriptions and manner for refunding excess amount pad by applicants:                                 | [Not Applicable/ <i>give details</i> ] |
| 28. | Details of the minimum and/or maximum amount of application:   | [Not Applicable/ <i>give details</i> ] |
| 29. | Details of the method and time limits for paying up and delivering the Notes:  | [Not Applicable/ <i>give details</i> ] |
| 30. | Manner in and date on which results of the offer are to be made public:  | [Not Applicable/ <i>give details</i> ] |
| 31. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable/ <i>give details</i> ] |
| 32. | Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:            | [Not Applicable/ <i>give details</i> ] |
| 33. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not Applicable/ <i>give details</i> ] |
| 34. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not Applicable/ <i>give details</i> ] |
| 35. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.             | [None/ <i>give details</i> ]           |

## SCHEDULE 1

## CREDIT-LINKED NOTE SPECIFICATIONS

## 1. General Terms

Business Day: <sup>107</sup>	[ ]
Business Day Convention:	[Modified] Following Business Day Convention (as defined in the ISDA Definitions), which shall apply to any date, other than the Credit Linkage Commencement Date, referred to in Condition 6 that falls on a day that is not a Business Day
Credit Linkage Commencement Date:	[Trade Date/Issue Date]
Reference Entity:	The entity specified in Schedule 3 and any Successor. The Reference Entity has been designated as a particular "Entity Type" in Schedule 3. References to "Standard Terms" means, in respect of the Reference Entity, the corresponding standard terms specified for its Entity Type in the Annexes to Schedule 4 and Schedule 5, as applicable.
Reference Obligation(s):	Where the Reference Entity is [ ], the obligation(s) identified as such in respect of such Reference Entity in Schedule 3
Substitution:	[Applicable]/[Not Applicable]  [Additional Rating Agencies: [ ]]
All Guarantees:	In respect of a Reference Entity, "Applicable" or "Not Applicable" shall apply as specified in the applicable Standard Terms.
Reference Price:	[100%] <sup>108</sup>

## 2. Credit Event Provisions:

Calculation Amount:	Subject to the occurrence of a Succession Event or the designation of a Partial Redemption Portion following a Restructuring Credit Event, in respect of each Reference Entity an amount (denominated in the same currency) equal to [the Aggregate Principal Amount of the Notes on the Issue Date]
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<sup>107</sup> The Conditions provide a fallback to days on which commercial banks and foreign exchange markets are generally open to settle payments in the jurisdiction of the currency of the Calculation Amount if not euro or a Euro Business Day if euro.

<sup>108</sup> If a percentage is not so specified, the Conditions provide that the Reference Price will be one hundred percent.

Credit Events:	In respect of each Reference Entity, the Credit Events specified in the applicable Standard Terms
Obligation Category and Characteristics:	In respect of each Reference Entity, the Obligation Category and Obligation Characteristics specified in the applicable Standard Terms
[Excluded Obligations:] <sup>109</sup>	[None]

3. **Settlement Terms:**

[Valuation Date:] <sup>110</sup>	[Single Valuation Date: [Such date as the Issuer may in its sole and absolute discretion select and notify to the Calculation Agent, being a date not earlier than [ ] [Business Days/calendar days] before, and not later than [ ] [Business Days/calendar days] after, the Event Determination Date/ <i>other (specify)</i> ] <sup>111</sup> [ ] Business Days] <sup>112</sup>
Cash Settlement Amount:	[ ] <sup>113</sup>
Valuation Obligations:	In respect of each Reference Entity, "Exclude Accrued Interest" or "Include Accrued Interest" shall apply as specified in the applicable Standard Terms
Valuation Obligation Category and Characteristics:	In respect of each Reference Entity, the Valuation Obligation Category and the Valuation Obligation Characteristics specified in the applicable Standard Terms
[Excluded Valuation Obligations:] <sup>114</sup>	Any obligation of a Reference Entity other than the

<sup>109</sup> Unless specified here as an Excluded Obligation, the Reference Obligation will be an Obligation.

<sup>110</sup> Include if the Cash Settlement Amount is not a specified amount. The Conditions provide that if neither Single Valuation Date nor Multiple Valuation Dates is specified, Single Valuation Date will apply.

<sup>111</sup> If the Valuation Date is to be identified otherwise than as a date a fixed number of Business Days after the Credit Event Notice Date, specify the date here. Provisional wording may be suitable for inclusion where the Eligible Reference Obligations would only be identified at a future date. IMPORTANT NOTE: Where the Notes are matched by any transaction under which the Issuer may expect to receive delivery of obligations to be used for the purpose of determining the Cash Settlement Amount, e.g. a physically-settled OTC credit default swap, *inter alia* the Valuation Date should be defined to ensure that the latest Valuation Date is not earlier than the last date on which the Issuer might receive delivery. If under an ISDA credit default swap, and a 60 Business Day "cap" applies (as in the Issuer's template for Basket of Reference Entities CDS with European entities as Reference entity), that latest date may be later than 60 Business Days after the Physical Settlement Date under the ISDA CDS.

<sup>112</sup> If the number of Business Days is not specified, the Conditions provide that this will be five Business Days.

<sup>113</sup> If an amount is not specified, the Conditions provide that the Cash Settlement Amount will be the greater of (a) the Calculation Amount multiplied by the difference between the Reference Price and the Final Price and (b) zero (increase as provided in the definition of Cash Settlement Amount).

<sup>114</sup> Unless specified as an Excluded Valuation Obligation, each Reference Obligation will, subject to Condition 6(n) and the second paragraph of the definition of "Not Contingent" in Condition 6(m)(i)(2)(A), be a Valuation Obligation even though at the time of valuation it does not fall into the Obligation Category or lacks any or all Valuation Obligation Characteristics.

Reference Entity the subject of the Credit Event and [ ]

Interest until Credit Event Notice Date: [Applicable]/[Not Applicable]

Deduct Hedging Costs: [Applicable]/[Not Applicable]

## SCHEDULE 2

## SPECIAL CONDITIONS

*The Conditions shall be supplemented and modified by the following Special Conditions. In the event of any inconsistency between the Conditions and such Special Conditions, such Special Conditions shall prevail and the Conditions shall be amended accordingly.*

(1) **Interest**

(a) If the Notes are Fixed Rate Notes, Condition 3 (*Interest on Fixed Rate Notes*) shall apply with the following amendments:

- (i) the existing Condition 3 shall become Condition 3(a), with the heading "*Interest conditionally payable*", and shall be amended by the insertion of the words "Subject to Condition 3(b) below," at the beginning; and
- (ii) the following provision shall be included as Condition 3(b):

"(b) Condition precedent to interest entitlement

The Issuer's obligation to make any payment of interest in accordance with Condition 3(a) is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Fixed Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that a Credit Event Notice is given or in respect of any subsequent period; provided, however, that, if "Interest until Credit Event Notice Date" is specified then the Issuer shall, as soon as reasonably practicable, pay the interest accrued to, but excluding, the Credit Event Notice Date (or, if such date is after the Initial Maturity Date, the Initial Maturity Date)."

(b) If the Notes are Floating Rate Notes, Condition 4 (*Interest on Floating Rate Notes*) will apply with the following amendments:

- (i) existing Condition 4(a) (*Accrual of Interest*) shall be amended by the substitution of "*Interest conditionally payable*" for "*Accrual of Interest*" in the heading and by the insertion of the words "Subject to Condition 4(g) below," at the beginning;
- (ii) existing Condition 4(b) (*Interest Payment Dates and Interest Periods*) shall be amended by the insertion of the words "Subject to Condition 4(g) below," at the beginning; and
- (iii) the following provision shall be included as Condition 4(g):

"(h) Condition precedent to interest entitlement

The Issuer's obligation to make any payment of interest in accordance with Conditions 4(a) and (b) is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that a Credit Event Notice is given or in respect of any subsequent period; provided, however, that, if "Interest until Credit Event Notice

Date" is specified then the Issuer shall, as soon as reasonably practicable, pay the interest accrued to, but excluding, the Credit Event Notice Date (or, if such date is after the Initial Maturity Date, the Initial Maturity Date)."

(2) **Redemption and Purchase**

Condition 6 (*Redemption and Purchase*) shall apply with the following amendments:

(a) The following provision shall be substituted for the existing Condition 6(a):

"6(a) *Final Redemption*

- (i) Subject to Condition 6(a)(ii) below and subject as otherwise set out in the Conditions, the Notes will, unless previously redeemed or purchased and cancelled, be redeemed at their principal amount or such other redemption amount as may be set out in or determined in accordance with the Conditions on the Maturity Date specified in the relevant Conditions.
- (ii) The Issuer's obligation to redeem the Notes in accordance with Condition 6(a)(i) above is subject to the condition precedent that no Credit Event Notice has been given on or before the Maturity Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to redeem the Notes in accordance with Condition 6(a)(i) above if, on or before the Maturity Date, a Credit Event Notice has been given. In such circumstances, the only obligations of the Issuer with regard to redemption of the Notes shall be to redeem the Notes in accordance with and subject to the following provisions of this Condition 6.

(b) The following Conditions 6(j), (k), (l), (m), (n), (o) and (p) shall be added to Condition 6 (Condition 6(i) being omitted):

"6(j) *Redemption following the occurrence of a Credit Event*

- (i) Notwithstanding the provisions of the other Conditions, following the occurrence of a Credit Event on or after the Credit Linkage Commencement Date and on or prior to the specified Maturity Date (the "**Initial Maturity Date**") or (if the Maturity Date is deemed extended under Condition 6(k)) the Extended Maturity Date, the Issuer may at any time on or before the Initial Maturity Date or (if applicable) the Extended Maturity Date, and irrespective of whether such Credit Event is continuing and/or any other Credit Event has occurred, give notice thereof to the Noteholders on or prior to the Maturity Date or (if applicable) the Extended Maturity Date (such notice the "**Credit Event Notice**" and the date on which such notice is given, the "**Credit Event Notice Date**") in accordance with Condition 13. The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event shall prejudice the Issuer's right to give notice with respect to such (or any other) Credit Event provided such notice is given no later than on or prior to the Maturity Date or (if applicable) the Extended Maturity Date.

For the avoidance of doubt, the Issuer may give a Credit Event Notice whether or not it has already taken any steps to exercise its option under Condition 6(b)



(*Redemption for Taxation Reasons*), and any giving of a Credit Event Notice shall supersede and override any earlier exercise of such option.

- (ii) If the Issuer gives a Credit Event Notice, and subject as provided in (iii) below:
  - (a) the Issuer shall be obliged to redeem the Notes (and shall be obliged to redeem the Notes only) by payment on the Cash Settlement Date of the principal amount of the Notes minus the Cash Settlement Amount; and
  - (b) the Issuer shall not be liable to pay interest on the Notes in respect of all or any part of the Interest Period current at the relevant Credit Event Notice Date (or, if such date is on or after the Initial Maturity Date, the Interest Period to (but excluding) the Initial Maturity Date) nor in respect of any subsequent period, and interest shall be treated as having ceased to accrue accordingly; *provided, however, that*, if "Interest until Credit Event Notice Date" is specified then the Issuer shall, as soon as reasonably practicable, pay the interest accrued to, but excluding, the Credit Event Notice Date (or, if such date is after the Initial Maturity Date, the Initial Maturity Date).
- (iii) This Condition 6(j)(iii) applies if the Calculation Amount is required to be allocated as contemplated in paragraph (e) of the definition of Successor in Condition 6(o). In such circumstances:
  - (a) the Issuer shall be entitled under this Condition 6(j) to give multiple Credit Event Notices, one with respect to each Successor, and where any Credit Event Notice is so given, the conditions precedent to the obligations of the Issuer to pay interest on, and principal of, the Notes shall be treated as unsatisfied only in relation to an amount (the "**Successor Partial Redemption Amount**") of the outstanding principal amount of the Notes equal to the proportion of the Calculation Amount allocated to the relevant Successor;
  - (b) where any Reference Entity (a "**Surviving Reference Entity**") (other than the Reference Entity the subject of the Succession Event) is a Successor to any Reference Entity (the "**Legacy Reference Entity**"), then such Surviving Reference Entity shall be deemed to be specified as a Reference Entity once only and the Calculation Amount in respect of such Reference Entity shall be the sum of the Calculation Amount applicable to that Reference Entity immediately prior to the Succession Event and the relevant portion of the Calculation Amount of the Legacy Reference Entity as provided in paragraph (e) of the definition of Successor;
  - (c) where a Credit Event Notice is so given the provisions of this Condition 6 will apply so as to require the Issuer to redeem the Notes in part only on the relevant Cash Settlement Date, by payment of an amount equal to whichever is the greater of (1) the Successor Partial Redemption Amount minus the Cash Settlement Amount and (2) zero, and on payment of such amount (or, if such amount is zero, on the Cash Settlement Date) the outstanding principal amount of the Notes shall be

deemed to have been repaid in an amount equal to Successor Partial Redemption Amount (which shall be the amount on which interest shall be treated as having ceased to accrue or to accrue (as applicable) as contemplated in (ii) above); and

- (d) save where the full principal amount of the Notes has been so redeemed, the Issuer shall remain entitled notwithstanding any such partial redemption to give one or more further Credit Event Notices with respect to any such Successor or any other Reference Entity in respect of which no Credit Event Notice has been effectively given.
- (iv) This Condition 6(j)(iv) applies if one or more Restructuring Credit Events occurs on or prior to the Initial Maturity Date or (if the Maturity Date is deemed extended under Condition 6(k)) the Extended Maturity Date (and whether or not such event is continuing). In such circumstances:
- (a) the Issuer shall be entitled to redeem the Notes in part only by giving a Credit Event Notice with respect to the relevant Restructuring Credit Event and specifying in such notice (A) that partial redemption only of the Notes is required and (B) the portion of the Calculation Amount (being an amount which is (x) less than the outstanding principal amount of the Notes and (y) at least 1,000,000 units of the currency (or if Japanese Yen, 100,000,000 units) in which the Calculation Amount is denominated or an integral multiple thereof) in respect of which such partial redemption is required (the proportion of such portion of the Calculation Amount being the "**Partial Redemption Portion**" applicable with respect to such Credit Event Notice); and
  - (b) where a Credit Event Notice is given as contemplated in (a) above:
    - (i) the Calculation Amount in respect of the relevant Reference Entity shall thereafter be deemed reduced by an amount equal to the Partial Redemption Portion of the Calculation Amount immediately preceding the giving of the Credit Event Notice; and
    - (ii) the provisions of this Condition 6 will apply so as to require the Issuer to redeem the Notes in part only on the relevant Cash Settlement Date, by payment of an amount in aggregate equal to whichever is the greater of (1) the Partial Redemption Portion minus the relevant Cash Settlement Amount and (2) zero, and on payment of such amount (or, if such amount is zero, on the relevant Cash Settlement Date) the outstanding principal amount of the Notes shall be deemed to have been repaid in an amount equal to the Partial Redemption Portion.

The Issuer shall be entitled to require such a partial redemption (or a redemption in full of the Notes) with respect to each Restructuring Credit Event which may occur and whether or not a partial redemption has been required in respect of another Restructuring Credit Event. For the avoidance of doubt, the Issuer shall, notwithstanding any such partial redemption having been required in connection with a Restructuring

Credit Event, remain entitled to give a Credit Event Notice with respect to any other Credit Event and redeem the Notes in accordance with the provisions of this Condition 6 applicable where a Credit Event Notice has been given.

6(k) *Maturity Date Extension*

The specified Maturity Date may be subject to extension in the following circumstances:

(i) *Grace Period Extension*

Notwithstanding the provisions of the Conditions, if, as regards one or more Reference Entities:

- (1) "Grace Period Extension" is specified;
- (2) a Potential Failure to Pay occurs on or prior to the Initial Maturity Date; and
- (3) the applicable Grace Period would otherwise end on a day subsequent to the Initial Maturity Date,

then the specified Maturity Date shall, subject to (ii) below, be extended to the second Business Day following the latest occurring Grace Period Extension Date (the "**Grace Period Maturity Date**"); and/or

(ii) *14 day additional extension for potential Credit Events*

Notwithstanding the provisions of the Conditions, if the Issuer delivers to the Noteholders on or before the Initial Maturity Date or, if (i) above applies, the Grace Period Maturity Date, a notice, in accordance with Condition 13, stating that in the opinion of the Issuer a Credit Event may have occurred with respect to one or more Reference Entities on or before the Initial Maturity Date or, with respect to the Reference Entities the subject of (i) above, the Grace Period Maturity Date, but that it is not yet able to deliver a Credit Event Notice on or before the Initial Maturity Date or, with respect to the Reference Entities the subject of (i) above, the Grace Period Maturity Date, then the specified Maturity Date shall be extended to the second Business Day following the day that is 14 calendar days following the Initial Maturity Date or Grace Period Maturity Date, as applicable (the "**Potential Credit Event Maturity Date**").

The later of the Grace Period Maturity Date (if any) and the Potential Credit Event Maturity Date (if any) shall be the "**Extended Maturity Date**"; *provided that*, notwithstanding the other provisions of the Conditions but without prejudice to Condition 6(j):

- (A) interest shall in any event cease to accrue in respect of the outstanding principal amount of the Notes on the Initial Maturity Date and Conditions 3, 4 and/or 5 shall be construed accordingly; and
- (B) references in Condition 6(a) to the Maturity Date shall be construed as references to the Extended Maturity Date. Any such interest accrued to the

Initial Maturity Date (unless such interest is treated as having ceased to accrue as provided in Condition 6(j)(ii)) shall be payable on the Extended Maturity Date.

6(1) *Method for Determining Obligations*

- (i) For the purposes of the definition of Obligation in Condition 6(o) the term "**Obligation**" may be defined as each obligation of each Reference Entity described by the specified Obligation Category, and having the specified Obligation Characteristics, if any, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:
- (1) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified, and:
- (A) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
- (B) "**Borrowed Money**" means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
- (C) "**Reference Obligations Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
- (D) "**Bond**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
- (E) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
- (F) "**Bond or Loan**" means any obligation that is either a Bond or a Loan.
- (2) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, and:
- (A) (aa) "**Not Subordinated**" means an obligation that is not Subordinated to (i) the most senior Reference Obligation in

priority of payment or (ii) if no Reference Obligation is specified, any unsubordinated Borrowed Money obligations of the Reference Entity. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (x) the specified Credit Linkage Commencement Date and (y) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date;

- (bb) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;
- (B) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such (or, if Specified Currency is specified and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be specified collectively as the "**Standard Specified Currencies**");
- (C) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";
- (D) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;

- (E) "**Not Domestic Law**" means any obligation that is not governed by the laws of (1) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (2) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
  - (F) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
  - (G) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.
- (ii) If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if bonds are covered by the selected Obligation Category.
  - (iii) In the event that an Obligation is a Qualifying Guarantee, the following will apply:
    - (1) For purposes of the application of the Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
    - (2) For purposes of the application of the Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
    - (3) For purposes of the application of the Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

- (4) For purposes of the application of the Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.

6(m) *Method for Determining Valuation Obligations*

- (i) For the purpose of the definition of Valuation Obligation in Condition 6(o) the term "**Valuation Obligation**" may be defined as each obligation of each Reference Entity described by the specified Valuation Obligation Category, and having each of the specified Valuation Obligation Characteristics, if any, as of the Valuation Date subject as provided below. The following terms shall have the following meanings:

- (1) "**Valuation Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in Condition 6(l)(i)(1), except that, for the purpose of determining Valuation Obligations, Condition 6(l)(i)(1)(C) shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligations Only).

- (2) "**Valuation Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, and:

- (A) "**Not Contingent**" means any obligation having as of the Valuation Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Valuation Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (1) to convert or exchange such obligation or (2) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Valuation Obligation only if the rights referred to in (1) and (2) above of this Condition 6(m)(i)(2)(A) have not been

exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

- (B) "**Assignable Loan**" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (C) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (D) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of a third party, that provides such party with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the relevant Noteholder or its designee and either (x) the Issuer or its designee (to the extent the Issuer or such designee is then a lender or a member of the relevant lending syndicate), or (y) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (E) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction *provided that* none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (x) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
  - (y) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;



- (F) "**Maximum Maturity**" means an obligation that has a remaining maturity from the Valuation Date of not greater than the period specified;
- (G) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (H) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream, Luxembourg or any other internationally recognised clearing system.
- (ii) If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category.
- (iii) If (a) either of the Valuation Obligation Characteristics "Listed" or "Not Bearer" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Valuation Obligation Category; (b) the Valuation Obligation Characteristic "Transferable" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Valuation Obligation Category); or (c) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Valuation Obligation Category;
- (iv) If any of Payment, Borrowed Money, Loan, or Bond or Loan is specified as the Valuation Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Valuation Obligation Characteristics, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics; and
- (v) In the event that a Valuation Obligation is a Qualifying Guarantee, the following will apply:

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

6(n) *Restructuring Maturity Limitation and Modified Restructuring Maturity Limitation*

- (i) If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.
- (ii) If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

6(o) *Credit-Linked Note Definitions*

**"Accreted Amount"** means, with respect to an Accreting Obligation, an amount equal to (i) the sum of (a) the original issue price of such obligation and (b) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (ii) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (i)(b) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Valuation Date. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent) only if "Include Accrued Interest" is specified. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such obligation's yield to maturity is not specified in, nor implied from, the terms of such obligation, then, for purposes of (i)(b) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (1) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (2) the relevant Valuation Date. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable;

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

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

**"Bankruptcy"** means a Reference Entity (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it 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, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a

judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) above (inclusive) of this definition of Bankruptcy.

**"Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified and such other days as may be specified.

**"Business Day Convention"** means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

- (i) if "Following" is specified, that date will be the first following day that is a Business Day;
- (ii) if "Modified Following" or "Modified" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and
- (iii) if "Preceding" is specified, that date will be the first preceding day that is a Business Day.

**"Calculation Amount"** means the amount specified as such.

**"Cash Settlement Amount"** means the amount specified as such (or, if the same is allocated as contemplated in paragraph (e) of the definition of Successor in Condition 6(o), the proportion thereof allocated to the relevant Successor) or, if an amount is not specified, the greater of (a) the Calculation Amount multiplied by the difference between the Reference Price and the Final Price and (b) zero; *provided, however, that*, if "Deduct Hedging Costs" is specified then the Issuer shall increase the Cash Settlement Amount otherwise determined hereunder by an amount equal to the Hedging Costs.

**"Cash Settlement Date"** means (a) if an amount is not specified as the Cash Settlement Amount, the date that is the number of Business Days specified (or, if a number of Business Days is not specified, three Business Days) following calculation

of the Final Price and (b) if an amount is specified as the Cash Settlement Amount, the date that is the number of Business Days specified (or, if a number of Business Days is not specified, three Business Days) following, the Credit Event Notice Date.

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

For purposes of determining whether a Valuation Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Valuation Date, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents obtained.

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

**"Credit Event"** means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as specified, as determined by the Issuer or the Calculation Agent in its sole and absolute discretion (save that such determination shall be confirmed by Publicly Available Information). If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, any Underlying Obligor to enter into any Underlying Obligation, (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described or (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Linkage Commencement Date"** means the date specified as such.

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

"**Currency Rate**" means, whenever so required to be determined the rate for conversion of the currency of the Valuation Obligation into the Settlement Currency determined by the Calculation Agent, as of the Valuation Date, in its sole discretion.

"**Default Requirement**" means the amount specified as such or its equivalent in the relevant Obligation Currency, or if no amount is so specified, USD10,000,000 or its equivalent in the relevant Obligation Currency in either case as of the occurrence of the relevant Credit Event.

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

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

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

"**Eligible Reference Entity**" means an entity:

- (i) that is in the same Moody's, S&P or Additional Rating Agency industry group (the "**Industry Requirement**") as the relevant Surviving Reference Entity, where:

"**Moody's**" means Moody's Investors Service, Inc.;

"**S&P**" means Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc; and

"**Additional Rating Agency**" means the rating agency specified as such.

- (ii) that has a bid-side credit spread at any time, selected by the Calculation Agent in its sole discretion in the period from and including the legally effective date of the relevant Succession Event to and including the date of designation by the Issuer of the Replacement Reference Entity, no greater than 110% of the bid-side credit spread of the relevant Surviving Reference Entity at such time (the "**Credit Spread Requirement**"), in each case based on a credit default swap:

- (a) on market standard terms for the relevant entity as at the time of such determination;
- (b) in respect of a floating rate payer calculation amount equal to at least 50 per cent., but not more than 100 per cent., of the Calculation Amount of the relevant Surviving Reference Entity; and
- (c) with a term equal to the period from and including the date of the determination to and including the Initial Maturity Date (the "**Remaining Term**"), *provided that* if the Issuer, having used reasonable endeavours, cannot obtain quotations from at least three dealers in respect of the Remaining Term, the term for the purposes of this sub-clause (c) shall be five years.

The bid-side credit spreads for the purpose of the Credit Spread Requirement shall be the unweighted arithmetic mean of the spread quotations obtained by the Issuer (on the basis of the terms set out above) from at least three dealers, as determined by the Issuer in its sole and absolute discretion;

- (iii) that is principally traded in the credit derivatives market in respect of the same Geographical Region as the relevant Surviving Reference Entity, as determined by the Calculation Agent, where:

"**Geographical Region**" means such region determined by the Calculation Agent to give best effect to then current market practice in respect of the relevant Surviving Reference Entity; and

- (iv) that is not an Affiliate of any Reference Entity or the Issuer immediately prior to and following the relevant Succession Event as determined by the Calculation Agent.

"**Eligible Transferee**" means each of the following:

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

provided, however, in each case that such entity has total assets of at least USD500,000,000;

- (ii) an Affiliate of an entity specified in (i) above;
- (iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity
  - (a) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least

USD100,000,000 or (B) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD100,000,000; or

- (b) that has total assets of at least USD500,000,000; or
- (c) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in (i), (ii), (iii)(b) above or (iv) below; and

(iv) a Sovereign, Sovereign Agency or Supranational Organisation

(all references in this definition to USD including equivalent amounts in other currencies).

**"Equity Securities"** means:

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

**"Exchangeable Obligation"** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holder of such obligation). With respect to any Exchangeable Obligation that is not an Accreting Obligation, "outstanding principal balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**"Excluded Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Excluded Valuation Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Extended Maturity Date"** has the meaning ascribed thereto in Condition 6(k).

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



Obligations, in accordance with the terms of such Obligations at the time of such failure.

**"Final Price"** means the price (or, if the Portfolio comprises more than one Valuation Obligation, the weighted average, as determined by the Calculation Agent) of the Valuation Obligation(s) comprised in the Portfolio, expressed as a percentage, as determined by the Calculation Agent as of the Valuation Date in its sole and absolute discretion.

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

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

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

**"Grace Period"** means with respect to an Obligation the lesser of (i) the applicable grace period with respect to payments under the terms of such Obligation in effect as of the later of the Credit Linkage Commencement Date and the date as of which such obligation is issued or incurred and (ii) a period of thirty calendar days.

**"Grace Period Extension Date"** means, with respect to any Potential Failure to Pay, the date that is the number of days constituting the relevant Grace Period after the date of the commencement of such Potential Failure to Pay.

**"Hedging Costs"** means an amount equal to the aggregate costs to the Issuer and/or its affiliates of terminating, transferring or liquidating any transaction related to the issuance of the Notes, as determined by the Issuer in its sole and absolute discretion, including, without limitation, any related hedging transactions.

**"Initial Maturity Date"** has the meaning ascribed thereto in Condition 6(j)(i).

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

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

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

**"Obligation"** means (i) any obligation of a Reference Entity (either directly or as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee) determined pursuant to the method described in Condition 6(l) (but excluding any Excluded Obligation), (ii) each Reference Obligation, unless specified as an Excluded Obligation, and (iii) any other obligation of a Reference Entity specified as such.

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

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

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

**"Payment Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if Payment Requirement is not so specified, USD1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Portfolio"** means a portfolio of one or more Valuation Obligations with (i) in the case of Valuation Obligations that are Borrowed Money obligations, an outstanding principal balance (including (if Included Accrued Interest is specified) or excluding (if Exclude Accrued Interest is specified) accrued but unpaid interest as determined by the Issuer or the Calculation Agent acting in a commercially reasonable manner) or (ii) in the case of Valuation Obligations that are not Borrowed Money obligations, a

Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount), in an aggregate amount equal to the Calculation Amount as of the relevant Valuation Date and which is identified by the Issuer to the Calculation Agent not later than the Business Day immediately preceding the relevant Valuation Date.

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

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

In relation to any information of the type described in (ii), (iii) or (iv) above, the Issuer and the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.

Publicly Available Information need not state (a) in relation to the definition of Downstream Affiliate above, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity and (b) that such occurrence (1) has met the Payment Requirement or Default Requirement, (2) is the result of exceeding any applicable Grace Period or (3) has met the subjective criteria specified in certain Credit Events.

**"Public Source"** means each source of Publicly Available Information specified as such (or, if a source is not so specified, each of Bloomberg Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the

Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

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

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

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

**"Reference Entity"** means the entity or entities specified as such. Any Successor to a Reference Entity identified pursuant to the definition of Successor below shall be the Reference Entity as determined pursuant to such definition.

**"Reference Obligation"** means each obligation specified (if any are so specified) and any Substitute Reference Obligation.

**"Reference Price"** means the percentage specified or, if a percentage is not specified, one hundred percent.

**"Replacement Reference Entity"** means, with respect to a Surviving Reference Entity, an Eligible Reference Entity selected by the Issuer in its sole and absolute discretion and notified as soon as reasonably practicable to the Noteholders in accordance with Condition 13.

**"Repudiation/Moratorium"** means an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement.

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

**"Restructuring"**

(a) **"Restructuring"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of

such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Linkage Commencement Date and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
  - (iii) a postponement or other deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency ("Permitted Currency" meaning (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of the McGraw Hill Companies, Inc or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof).
- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
- (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
  - (ii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does

not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

- (c) If Multiple Holder Obligation is specified then, notwithstanding anything to the contrary in this definition of Restructuring, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.
- (d) For purposes of (a), (b) and (c) above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.

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

**"Restructuring Maturity Limitation Date"** means the date that is the earlier of (i) thirty months following the Restructuring Date and (ii) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Maturity Date or (if applicable) the Extended Maturity Date, or later than 30 months following the Maturity Date or (if applicable) the Extended Maturity Date and if it is it shall be deemed to be the Maturity Date or thirty months following the Maturity Date, as the case may be.

**"Settlement Currency"** means the currency specified or, if no currency is so specified, the currency of denomination of the Calculation Amount.

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

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

**"Sovereign Restructured Valuation Obligation"** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the specified Valuation Obligation Category and, subject to Condition 6(m)(iv), having each of the specified Valuation Obligation Characteristics, if any, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Valuation Obligation Category or Valuation Obligation Characteristics after such Restructuring.

"**specified**" means, unless otherwise provided, as specified in Schedule 1 to the Final Terms relating to the Notes.

"**Stamp Tax**" means any stamp, registration, documentation or similar tax.

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

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* (or, if no such Obligation exists, then, at the Issuer's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the specified Credit Linkage Commencement Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date) and (ii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to one or more but not all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation,

then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all the Reference Obligations of such Reference Entity and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations of such Reference Entity, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under sub-section (a) of this definition of Substitute Reference Obligation has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the latest of the Maturity Date and the Grace Period Extension Date (if any).
- (f) For purposes of identification of a Reference Obligation, any change in a Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

"**Successor**" shall have the meaning determined in accordance with the following provisions:

- (a) In relation to a Reference Entity that is not a Sovereign, "Successor" means, subject to (j) below), the entity or entities, if any, determined as set forth below:
  - (i) if one entity directly or indirectly succeeds to 75% or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than 25% (but less than 75%) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25% of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each directly or indirectly succeeds to more than 25% of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25% of the Relevant Obligations will each be a Successor and (e) below will apply;
  - (iv) if one or more entities each directly or indirectly succeeds to more than 25% of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25% of the Relevant Obligations of the



Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor and (e) below will apply;

- (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25% of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
- (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25% of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

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

- (b) "**Succession Event**" means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, "Succession Event" shall not include any event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event.
- (c) For purposes of interpreting this definition of Successor "**succeed**" means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to (a) above

shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.

- (d) Where (i) a Reference Obligation has been specified with respect to a Reference Entity, (ii) one or more Successors to the Reference Entity have been identified and (iii) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with the definition of Substitute Reference Obligation below.
- (e) Where, pursuant to (a)(iii) or (iv) above, more than one Successor has been identified then, subject to (j) below:
  - (i) each Successor will be treated as a Reference Entity;
  - (ii) the Calculation Agent shall allocate the Calculation Amount equally between all such Successors;
  - (iii) the provisions of Condition 6(j)(iii) shall apply; and
  - (iv) the Conditions will otherwise continue to apply except to the extent that modification is required, as determined by the Calculation Agent, to preserve the economic effects of the original Conditions.
- (f) "**Relevant Obligations**" means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.
- (g) "**Best Available Information**" means:
  - (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information or, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of Successor, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders,

creditors or other persons whose approval of the Succession Event is required; or

- (ii) in the case of a Reference Entity which does not file with its primary securities regulator or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of Successor.
- (h) Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.
- (i) In relation to a Sovereign Reference Entity, "Successor" means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.
- (j) If Substitution is specified as applicable, where any Reference Entity (a "**Surviving Reference Entity**") (other than the Reference Entity the subject of the Succession Event) would otherwise be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to the foregoing provisions then, at the election of the Issuer at any time:
  - (i) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
  - (ii) the Replacement Reference Entity selected by the Issuer shall be deemed to be a Successor to the Legacy Reference Entity pursuant to that Succession Event from and including the legally effective date of the Succession Event. The Standard Terms applicable to such Replacement Reference Entity shall be the Standard Terms applicable to the relevant Surviving Reference Entity as at the Credit Linkage Commencement Date as determined by the Calculation Agent.

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

"**USD**" means the lawful currency of the United States of America.

"**Valuation Date**" means the date specified as such.

"**Valuation Obligation**" means, subject to Condition 6(n):

- (i) any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee determined pursuant to the method described in Condition 6(m) (but excluding any Excluded Valuation Obligation) that (A) is payable in an amount equal to its outstanding principal balance or Due and

Payable Amount, as applicable, (B) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) in the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;

- (ii) subject to the second paragraph of the definition of Not Contingent in Condition 6(m)(i)(2)(A), each Reference Obligation, unless specified as an Excluded Valuation Obligation;
- (iii) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Valuation Obligation (but excluding any Excluded Valuation Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) of the definition of Credit Event above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (iv) any other obligation of a Reference Entity specified as a Valuation Obligation.

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

6(p) *Determinations by the Calculation Agent and Calculation Agent Free to Deal in Notes etc*

- (i) Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, acting in good faith and in a reasonably commercial manner. The Calculation Agent shall not be liable for any loss, liability, cost, claim, action, demand or expense (including without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the

exercise of its functions, except such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.

- (ii) Nothing contained herein shall prevent the Calculation Agent from dealing in the Notes or from entering into any related transactions, including without limitation any swap or hedging transactions, with the Issuer (or any of its respective Affiliates) or any holder of the Notes (or any of its Affiliates).

**SCHEDULE 3**

**REFERENCE ENTITY TYPE**

<b>Reference Entity:</b>	<b>Reference Obligation:</b>	<b>Entity Type:</b>
	Primary Obligor: Guarantor: Status: Maturity: Coupon: CUSIP/ISIN: Original Issue Amount: Reference Price:	

**SCHEDULE 4**  
**STANDARD TERMS**

The standard terms relating to each Entity Type are set out in the Annexes to this Schedule 4.

**ANNEX A**  
**STANDARD TERMS FOR NORTH AMERICAN CORPORATE<sup>115</sup>**

All Guarantees:	Not Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring, if specified as applicable in the relevant [Confirmation]
	Restructuring Maturity Limitation and Fully Transferable Obligation Applicable
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

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<sup>115</sup> Investment Grade and High Yield



**ANNEX B**  
**STANDARD TERMS FOR EUROPEAN CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring
	Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX C**  
**STANDARD TERMS FOR AUSTRALIA CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring
	Restructuring Maturity Limitation and Fully Transferable Obligation Applicable
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency: Standard
	Specified Currencies & Domestic Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX D  
STANDARD TERMS FOR NEW ZEALAND CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy Failure to Pay Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation Applicable
Obligation Category:	Borrowed Money None Physical Settlement 30 Business Days Bond or Loan
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated Specified Currency: Standard Specified Currencies & Domestic Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer

**ANNEX E**  
**STANDARD TERMS FOR JAPAN CORPORATE**

All Guarantees: Applicable

Credit Events: Bankruptcy

Failure to Pay

Payment Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 100,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. In all other cases, USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay.

Restructuring

Multiple Holder Obligation: Not Applicable

Default Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 1,000,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. In all other cases, USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.

Obligation Category: Borrowed Money

Obligation Characteristics: Not Subordinated

Deliverable Obligation Category: Bond or Loan

Deliverable Obligation Characteristics: Not Subordinated

Specified Currency: Standard

Specified Currencies & Domestic Currency

Not Contingent

Assignable Loan

Consent Required Loan

Transferable

Maximum Maturity: 30 years

Not Bearer

**ANNEX F**  
**STANDARD TERMS FOR SINGAPORE CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring
Obligation Category:	Bond or Loan
Obligation Characteristics:	Not Subordinated
	Specified Currency: Standard
	Specified Currencies & Domestic Currency
	Not Sovereign Lender
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency: Standard
	Specified Currencies & Domestic Currency
	Not Sovereign Lender
	Not Contingent
	Assignable Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX G**  
**STANDARDS TERMS FOR ASIA CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring
Obligation Category:	Bond or Loan
Obligation Characteristics:	Not Subordinated
	Not Sovereign Lender
	Not Domestic Currency
	Not Domestic Issuance
	Not Domestic Law
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Sovereign Lender
	Not Domestic Law
	Not Contingent
	Not Domestic Issuance
	Assignable Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX H**  
**STANDARD TERMS FOR SUBORDINATED EUROPEAN INSURANCE CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Restructuring
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX I**  
**STANDARD TERMS FOR LATIN AMERICA CORPORATE**

All Guarantees:	Applicable
Credit Events:	Bankruptcy
	Failure to Pay
	Grace Period Ext.: Applicable
	Obligation Acceleration
	Repudiation/Moratorium
	Restructuring
	Multiple Holder Obl.: Not Applicable
Obligation Category:	Bond
Obligation Characteristics:	Not Subordinated
	Not Domestic Currency
	Not Domestic Law
	Not Domestic Issuance
Deliverable Obligation Category:	Bond
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Domestic Law
	Not Contingent
	Not Domestic Issuance
	Transferable
	Not Bearer



**SCHEDULE 5**

**STANDARD TERMS FOR SOVEREIGNS**

The standard terms relating to each Entity Type which are sovereigns are set out in the Annex to this Schedule 5.

**ANNEX A**  
**STANDARD TERMS FOR ASIA SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Repudiation/Moratorium
	Restructuring
Obligation Category:	Bond or Loan
Obligation Characteristics:	Not Subordinated
	Not Sovereign Lender
	Not Domestic Currency
	Not Domestic Law
	Not Domestic Issuance
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Sovereign Lender
	Not Domestic Law
	Not Contingent
	Not Domestic Issuance
	Assignable Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX B**  
**STANDARD TERMS FOR EMERGING EUROPEAN & MIDDLE EASTERN SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Grace Period Extension: Applicable
	Obligation Acceleration
	Repudiation/Moratorium
	Restructuring
	Multiple Holder Obligation: Not Applicable
Obligation Category:	Bond
Obligation Characteristics:	Not Subordinated
	Not Domestic Currency
	Not Domestic Law
	Not Domestic Issuance
Deliverable Obligation Category:	Bond
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Domestic Law
	Not Contingent
	Not Domestic Issuance
	Transferable
	Not Bearer

**ANNEX C**  
**STANDARD TERMS FOR JAPAN SOVEREIGN**

All Guarantees: Applicable

Credit Events: Failure to Pay

Payment Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 100,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. In all other cases, USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay.

Repudiation/Moratorium

Restructuring

Multiple Holder Obligation: Not Applicable

Default Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 1,000,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. In all other cases, USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.

Obligation Category: Borrowed Money

Obligation Characteristics: None

Deliverable Obligation Category: Bond or Loan

Deliverable Obligation Characteristics: Specified Currency

Not Contingent

Assignable Loan

Consent Required Loan

Transferable

Maximum Maturity: 30 years

Not Bearer

**ANNEX D**  
**STANDARD TERMS FOR AUSTRALIA SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Repudiation/Moratorium
	Restructuring
	Restructuring Maturity Limitation and Fully Transferable Obligation Applicable
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency: Standard
	Specified Currencies & Domestic Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX E**  
**STANDARD TERMS FOR NEW ZEALAND SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay Repudiation/Moratorium Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation Applicable
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated Specified Currency: Standard Specified Currencies & Domestic Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer

**ANNEX F**  
**STANDARD TERMS FOR SINGAPORE SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Repudiation/Moratorium
	Restructuring
Obligation Category:	Bond or Loan
Obligation Characteristics:	Not Subordinated
	Specified Currency: Standard
	Specified Currencies & Domestic Currency
	Not Sovereign Lender
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Specified Currencies & Domestic Currency
	Not Sovereign Lender
	Not Contingent
	Assignable Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer

**ANNEX G**  
**STANDARD TERMS FOR LATIN AMERICA SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Grace Period Extension: Applicable
	Obligation Acceleration
	Repudiation/Moratorium
	Restructuring
	Multiple Holder Obligation: Not Applicable
Obligation Category:	Bond
Obligation Characteristics:	Not Subordinated
	Not Domestic Currency
	Not Domestic Law
	Not Domestic Issuance
Deliverable Obligation Category:	Bond
Deliverable Obligation Characteristics:	Not Subordinated
	Specified Currency
	Not Domestic Law
	Not Contingent
	Not Domestic Issuance
	Transferable
	Not Bearer



**ANNEX H**  
**STANDARD TERMS FOR WESTERN EUROPEAN SOVEREIGN**

All Guarantees:	Applicable
Credit Events:	Failure to Pay
	Repudiation/Moratorium
	Restructuring
Obligation Category:	Borrowed Money
Obligation Characteristics:	None
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Specified Currency
	Not Contingent
	Assignable Loan
	Consent Required Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer