

BASE PROSPECTUS

Dated: 31 July 2014

MEDIOBANCA - Banca di Credito Finanziario S.p.A.*(incorporated with limited liability in the Republic of Italy)***MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.***(incorporated with limited liability in Luxembourg)***Structured Note Issuance Programme****guaranteed in the case of Notes issued by Mediobanca International (Luxembourg) S.A.**

by

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

Under the Structured Note Issuance Programme (the “**Programme**”) described in this Base Prospectus (as defined below), each of Mediobanca - Banca di Credito Finanziario S.p.A. (“**Mediobanca**”) and Mediobanca International (Luxembourg) S.A. (“**Mediobanca International**”) (each an “**Issuer**” and together the “**Issuers**”) may from time to time issue notes (“**Notes**”), subject in each case to compliance with all relevant laws, regulations and directives. The Notes issued under the Programme shall include (i) Notes whose return is linked to shares or a basket of shares (“**Share Linked Notes**”), (ii) Notes whose return is linked to an index or a basket of indices (“**Index Linked Notes**”), (iii) Notes whose return is linked to a fund or a basket of funds (“**Fund Linked Notes**”), (iv) credit linked Notes (“**Credit Linked Notes**”), (v) inflation linked Notes (“**Inflation Linked Notes**”) (vi) Notes whose return is linked to commodity or a basket of commodities (“**Commodity Linked Notes**”) (vii) Notes whose return is linked to foreign exchange (“**FX**”) rates (“**FX Linked Notes**”) (viii) Notes whose return is linked to a debt instrument or a basket of debt instruments (“**Debt Linked Notes**”) (ix) Notes whose return is linked to an underlying interest rate or a basket of underlying interest rates (“**Interest Rate Linked Notes**”) and (x) physical delivery Notes (“**Physical Delivery Notes**”). The payment of all amounts due and the performance of any non-cash delivery obligations in respect of any Notes issued by Mediobanca International will be unconditionally and irrevocably guaranteed by Mediobanca (in such capacity, the “**Guarantor**”) under a deed of guarantee and subject to the limitations thereof executed by the Guarantor and dated 31 July 2014 (the “**Deed of Guarantee**”). Notes issued under the Programme will have denominations of not less than Euro 1,000.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see “Risk Factors” beginning on page 51.

This Base Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**” or “**CBI**”) as competent authority under Directive 2003/71/EC as amended (the “**Prospectus**”).

Directive). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive and such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area. Application will be made to the Irish Stock Exchange for Notes issued under the Programme during the period of 12 months after the date hereof to be admitted to the official list (the “**Official List**”) and to trading on its regulated market (the “**Main Securities Market**”). The Main Securities Market is a regulated market for the purpose of Directive 2004/39/EC as amended.

The Programme provides that Notes may be listed or admitted to trading (as the case may be) on such other or further stock exchange(s) or market(s) as may be agreed between the relevant Issuer, the Guarantor (where applicable) and the relevant Dealer (as defined in “Plan of Distribution”). Unlisted Notes or Notes not admitted to trading on any market may also be issued. This Base Prospectus comprises two base prospectuses (one for each Issuer, each of which referred to herein as the “**Base Prospectus**”) for the purposes of the **Prospectus Directive**.

The Central Bank may, at the request of the relevant Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Base Prospectus; (ii) a certificate of approval pursuant to Article 18 of the Prospectus Directive attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive (an “**Attestation Certificate**”); and (iii) if so required by such competent authority, a translation of the summary set out on pages from 9 to 50 of this Base Prospectus.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes which are applicable to each Tranche (as defined below) of Notes will be set out, in the final terms relating to the Notes (the “**Final Terms**”) which, with respect to Notes to be listed on the Official List of the Irish Stock Exchange, will be delivered to the Central Bank and, with respect to Notes to be listed on any other or further Stock Exchange, will be delivered to the relevant Stock Exchange.

The base terms and conditions of the Notes to be issued under the Programme (see “Base Terms and Conditions of the Notes” below) (the “**Base Terms and Conditions**” or the “**Base Conditions**”) will be completed by the relevant product specific terms and conditions applying to a particular type of Notes as set out in the applicable Chapters below (the “**Specific Terms and Conditions**” or the “**Specific Conditions**” and together with the Base Terms and Conditions, the “**Terms and Conditions of the Notes**” or the “**Conditions**”).

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will be offered and sold in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. The Notes will be in bearer form and as such are subject to certain U.S. tax law requirements.

Arranger of the Programme

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

Dealers

BANCA ALETTI & C.

BANCA IMI

BARCLAYS

BNP PARIBAS

CREDIT SUISSE

J.P. MORGAN

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

THE ROYAL BANK OF SCOTLAND

UNICREDIT BANK

IMPORTANT NOTICES

This document constitutes a Base Prospectus for each Issuer for the purposes of Article 5.4 of the Prospectus Directive.

Each of the Issuers and the Guarantor, accepts responsibility for the information contained in this document and, to the best of the knowledge of each of the Issuers and the Guarantor (which have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Issuers and the Guarantor, having made all reasonable enquiries confirms that (i) this Base Prospectus contains all information with respect to the Issuers, the Guarantor, the Guarantor and its subsidiaries taken as a whole (the “Group” or the “Mediobanca Group”), the Notes and the deed of guarantee executed by the Guarantor and dated 31 July 2014 with respect to Notes issued by Mediobanca International (the “Deed of Guarantee”) which is material in the context of the issue and offering of Notes, (ii) the statements contained in this Base Prospectus relating to the Issuers, the Guarantor and the Group are in every material respect true and accurate and not misleading, the opinions and intentions expressed in this Base Prospectus with regard to the Issuers, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iii) there are no other facts in relation to the Issuers, the Guarantor, the Group, the Notes or the Deed of Guarantee the omission of which would, in the context of the issue and offering of Notes, make any statement in this Base Prospectus misleading in any material respect and (iv) all reasonable enquiries have been made by the Issuers and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

This Base Prospectus should be read and construed with any supplement hereto and with any other documents incorporated by reference herein and, in relation to any Tranche of Notes, should be read and construed together with the relevant Final Terms.

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

Purchases of Notes may be made through a duly appointed Dealer of the relevant Issuer. The relevant Issuer may also offer and sell Notes directly to investors without the involvement of any Dealer.

The Issuers and the Guarantor will enter into a Dealer Agreement with the Dealers in connection with the issue of Notes for the purpose of the distribution of the Notes to prospective investors. Pursuant to the terms of the Dealer Agreement, the relevant Issuer(s) may appoint one or more Dealer(s) under the Programme to subscribe or procure subscribers for all or part of the Notes of the relevant Series. See the section on “Plan of Distribution” in this Base Prospectus for further details.

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

The distribution of this Base Prospectus and the offering or sale of Notes in certain jurisdictions may be restricted by law. The Issuers and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. No Notes may be offered or sold, directly or indirectly including to the public, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus, any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, the Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements.

This Base Prospectus has been prepared by the Issuers and the Guarantor for use in connection with the offer and sale of Notes in reliance upon Regulation S of the Securities Act outside the United States to non-U.S. persons or in transactions otherwise exempt from registration. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

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

For a description of additional restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Italy) and other jurisdictions, see “Plan of Distribution”.

The Dealers and PricewaterhouseCoopers S.p.A. and PricewaterhouseCoopers Société coopérative, as auditor to respectively, Mediobanca and Mediobanca International, have not separately verified the information contained in this Base Prospectus. None of the Dealers makes any representation express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by either of the Issuers, the Guarantor or any of the Dealers that any recipient of this Base Prospectus or any financial statements should purchase any Notes.

Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of the Issuers or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

STABILISATION

In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the stabilising manager(s) (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 persons acting on behalf of a Stabilising Manager) in accordance with all applicable laws and rules.

Notes may be issued on a continuous basis in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes, as the case may be, of that Series. Each Series may be issued in tranches (each a “Tranche”) on different issue dates. The specific terms of each Tranche (which save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set forth in the relevant Final Terms, the form of which is set out in Chapter 2 Part 2 “General Form of Final Terms for Notes” below and which will include, depending on the type of Notes that is being issued, the terms applicable to such form of Notes as are set out in the applicable Chapters below.

In this Base Prospectus, unless otherwise specified or the context otherwise requires: references to “\$”, “U.S.\$”, “USD” and “US Dollars” are to the lawful currency of the United States of America; references to “Euro” are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended; references to “£” are to the lawful currency of the United Kingdom; and references to “Yen” are to the lawful currency of Japan.

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CHAPTER 1

SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of notes and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of notes and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

[Certain provisions of this summary appear in brackets. Such information will be completed or, where not relevant, deleted, in relation to a particular Series of Notes and the completed summary in relation to such Series of Notes shall be appended to the relevant Final Terms. This paragraph is an instruction paragraph which will be deleted for the summary relating to a particular Series of Notes.]

Section A — Introduction and warnings

| Element | Description of Element | Disclosure requirement |
|---------|---|--|
| A.1 | Warnings | <p>This summary should be read as an introduction to the Base Prospectus.</p> <p>Any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</p> |
| A.2 | Consent to the use of the Base Prospectus | <p>[The Issuer[s] consent[s] to the use of the Base Prospectus for subsequent resale or final placement of the Notes by all [Dealers] [and] [financial intermediaries] (general consent).]</p> <p>[The Issuer[s] consent[s] to the use of the Base Prospectus for subsequent resale or final placement of the Notes by the following [Dealers] [and] [financial intermediaries] (individual consent): <i>[insert name[s] and address[es]].</i>]</p> <p>The subsequent resale or final placement of Notes by [Dealers] [and] [financial intermediaries] can be made [as long as this Base Prospectus is valid in accordance with Article 9 of the Prospectus Directive] <i>[insert period]</i>.</p> <p>[Such consent is also subject to and given under the condition [].] [Such consent is not subject to and given under any condition.]</p> <p>In case of an offer being made by a [Dealer] [or] [financial intermediary], such [Dealer] [or] [financial intermediary] will provide information to investors on the terms and conditions of the offer at the time the offer is made.</p> |

Section B – Issuers and Guarantor

| Element | Description | Disclosure requirement |
|---------|-------------|------------------------|
|---------|-------------|------------------------|

| | of Element | |
|-------------|--|---|
| B.1 | Legal and Commercial Name of the Issuers | <p>[Mediobanca Mediobanca – Banca di Credito Finanziario S.p.A. (“Mediobanca”)]</p> <p>[Mediobanca International Mediobanca International (Luxembourg) S.A. (“Mediobanca International”)]</p> |
| B.2 | Domicile /Legal Form /Legislation /Country of Incorporation | <p>[Mediobanca Mediobanca was established in Italy. Mediobanca is a company limited by shares under Italian law with registered office at Piazzetta E. Cuccia 1, Milan, Italy. Mediobanca holds a banking licence from the Bank of Italy authorising it to carry on all permitted types of banking activities in Italy. Mediobanca is a bank organised and existing under the laws of Italy, carrying out a wide range of banking, financial and related activities throughout Italy.]</p> <p>[Mediobanca International Mediobanca International was established in Luxembourg. Mediobanca International is a <i>société anonyme</i> subject to Luxembourg law and having its place of registration in Luxembourg. Mediobanca International's registered office is at 4, Boulevard Joseph II, L-1840 Luxembourg, Luxembourg.]</p> |
| B.4b | Description of trends | <p>Mediobanca [Not applicable. As at the date of this Base Prospectus Mediobanca is not aware of any known trends affecting itself and the industries in which it operates.]</p> <p>[Mediobanca International [Not applicable. As at the date of this Base Prospectus Mediobanca International is not aware of any known trends affecting itself and the industries in which it operates.]</p> |
| B.5 | Description of the group of the Issuer(s) | <p>[Mediobanca Mediobanca is the parent company of the Mediobanca Group. The Mediobanca Group is registered as a banking group in the register instituted by the Bank of Italy.</p> <p>[Mediobanca International Mediobanca International is part of the Mediobanca Group. The Mediobanca Group is registered as a banking group in the register instituted by the Bank of Italy. Please see also B.16 below.]</p> |
| B.9 | Profit forecast/estimate | <p>Mediobanca Not applicable. No forecast or estimates of profits are contained in the Base Prospectus.</p> <p>[Mediobanca International Not applicable. No forecast or estimates of profits are contained in the Base Prospectus.]]</p> |
| B.10 | Qualifications in the audit report | <p>Mediobanca Not applicable. There are no qualifications in the audit report.</p> <p>[Mediobanca International Not applicable. There are no qualifications in the audit report.]</p> |
| B.12 | Selected historical | <p>Mediobanca Selected annual financial information. The following table shows certain selected restated and</p> |

key information / material adverse change / significant changes

unaudited financial information of Mediobanca as at 30 June 2013, along with comparative data for the years ended 30 June 2012, plus a series of key financial indicators.

The audited consolidated balance sheet and profit and loss of Mediobanca have been restated in order to provide the most accurate reflection of the Group's operations. The selected restated and unaudited financial information shown below have been derived from the "Report on the Operations" which, together with the Mediobanca's consolidated financial statements, is included in the Mediobanca's Annual Accounts and Report. In relation to such financial information PricewaterhouseCoopers S.p.A. has expressed an opinion on its consistency with data set out in the "Report on the Operations".]

| CONSOLIDATED BALANCE SHEET | 30/6/13 | 30/6/12 |
|-----------------------------------|----------------|----------------|
| Assets | | |
| Treasury funds | 8,199.70 | 9,330.4 |
| AFS securities | 11,489.8 | 10,552.1 |
| Fixed financial assets (HTM & LR) | 2,053.50 | 2,328.1 |
| Loans and advances to customers | 33,455.4 | 36,309.5 |
| Equity investments | 2,586.90 | 3,165.5 |
| Tangible and intangible assets | 707.7 | 718.1 |
| Other assets | 1,247.30 | 1,355.6 |
| Total assets | 59,740.30 | 63,759.3 |
| Liabilities and net equity | | |
| Funding | 51,287.8 | 55,788.0 |
| Other liabilities | 1,312.1 | 1,177.2 |
| Provisions | 192.2 | 185.1 |
| Net equity | 7,128.0 | 6,528.1 |
| Profit for the period | (179.8) | 80.9 |
| Total liabilities and net equity | 59,740.3 | 63,759.3 |

| CONSOLIDATED PROFIT AND LOSS ACCOUNT | 12 mths to 30/6/13 | 12 mths to 30/6/12 |
|---|---------------------------|---------------------------|
| | €m | €m |
| Profit-and-loss data | | |
| TOTAL INCOME | 1,597.1 | 1,989.6 |
| OPERATING COSTS | (756.9) | (789.-) |
| PROFIT BEFORE TAX | (27.3) | 205.9 |
| NET PROFIT | (179.8) | 80.9 |

Key consolidated financial indicators

| REGULATORY CAPITAL AND CAPITAL INDICATORS | 30/6/13 (€m) | 30/6/12 (€m) |
|--|---------------------|---------------------|
| Tier I capital | 6,153.2 | 6,338.9 |
| Regulatory capital | 8,155.4 | 7,810.0 |
| Core tier one capital ratio | 11.75% | 11.49% |
| Tier one capital ratio | 11.75% | 11.49% |
| Total capital ratio | 15.57% | 14.16% |

| CREDIT RISK INDICATORS | 30/6/13 (€m) | 30/6/12 (€m) |
|-------------------------------|---------------------|---------------------|
| NPLs/loans | 1.30% | 0.95% |
| Gross irregular items/loans | 3.72% | 2.92% |
| Net NPLs/loans | 0.57% | 0.50% |
| Net irregular items/loans | 2.14% | 1.86% |
| Net NPLs/regulatory capital | 3.22 % | 3.10% |

Selected interim financial information. The following table shows certain selected restated and unaudited financial information of Mediobanca as at 31 December 2013, along with comparative data for the period ended 31 December 2012 and the year ended 30 June 2013, plus a series of key

financial indicators.

The unaudited consolidated interim financial statements of Mediobanca have been restated in order to provide the most accurate reflection of the Group's operations.

The selected restated and unaudited financial information shown below have been derived from the "Report on the Operations" which, together with the Mediobanca's consolidated financial statements, is included in the Interim Report of Mediobanca for the six months ended 31 December 2013.

PricewaterhouseCoopers S.p.A. has reviewed the consolidated interim financial statements of Mediobanca and its subsidiaries as at December 31, 2013.

| CONSOLIDATED BALANCE SHEET | 31/12/2013 | 31/12/12 |
|-----------------------------------|-------------------|-----------------|
| Assets | | |
| Treasury funds | 13,346.0 | 9,105.2 |
| AFS securities | 9,672.7 | 11,735.6 |
| Fixed financial assets (HTM & LR) | 2,137.1 | 2,366.3 |
| Loans and advances to customers | 32,272.0 | 34,142.0 |
| Equity investments | 2,649.2 | 3,284.0 |
| Tangible and intangible assets | 703.2 | 715.0 |
| Other assets | 1,214.8 | 1,142.4 |
| Total assets | 61,995.0 | 62,490.5 |
| Liabilities and net equity | | |
| Funding | 53,262.3 | 53,970.5 |
| Other liabilities | 1,125.7 | 1,177.9 |
| Provisions | 189.9 | 187.6 |
| Net equity | 7,112.4 | 7,030.7 |
| Profit for the period | 304.7 | 123.8 |
| Total liabilities and net equity | 61,995.0 | 62,490.5 |

| CONSOLIDATED PROFIT AND LOSS ACCOUNT | 31/12/2013 | 31/12/12 |
|---|-------------------|-----------------|
| | €m | €m |
| Profit-and-loss data | | |
| TOTAL INCOME | 875.0 | 916.3 |
| OPERATING COSTS | (370.0) | (375.6) |
| PROFIT BEFORE TAX | 332.2 | 208.5 |
| NET PROFIT | 304.7 | 123.8 |

Key consolidated financial indicators

| REGULATORY CAPITAL AND CAPITAL INDICATORS | 31/12/13 (€m) | 31/12/12 (€m) |
|--|--------------------------|--------------------------|
| Tier 1 capital | 6,319.6 | 6,472.5 |
| Regulatory capital | 8,436.1 | 8,066.7 |
| Tier 1 capital/risk-weighted assets | 11.94% | 11.84% |
| Regulatory capital/ risk-weighted assets s | 15.94% | 14.76% |
| No. of shares in issues (millions) | 861.1 | 861.1 |

[Mediobanca International

Selected annual financial information. The following tables show the capitalisation (in Euro) and the cash flow statements of Mediobanca International as at 30 June 2013 and 2012.]

| As at 30 June | | |
|----------------------|-------------|-------------|
| (Euro) | | |
| | 2013 | 2012 |
| | | |

| | | |
|---|---------------------------|----------------------|
| Shareholders equity | | |
| Share capital | 10,000,000 | 10,000,000 |
| Reserves | 221,051,434 | 192,623,000 |
| Retained earnings | -- | -- |
| Net profit | 14,748,992 | 28,428,435 |
| Total Shareholder's equity | 245,800,426 | 231,051,435 |
| Medium and long-term debt¹ | | |
| 1. Amounts owed to credit institutions | 978,792,213 | 1,939,348,204 |
| 2. Notes and bonds payable | 1,372,748,614 | 1,623,748,245 |
| Total medium and long-term debt | 2,351,540,827 | 3,563,096,449 |
| Total capitalisation | 2,597,341,253 | 3,794,147,884 |
| CASH FLOW FROM OPERATING ACTIVITIES | Year ended 30 June | |
| | 2013 | 2012 |
| | <i>(Euro thousands)</i> | |
| Operating activities | -73,478 | 45,857 |
| Cash generated/(absorbed) by financial assets | 1,711,476 | 596,869 |
| Cash (generated)/absorbed by financial liabilities | -1,330,492 | -649,281 |
| Net cash flow (outflow) from operating activities | 307,506 | -6,555 |
| CASH FLOW FROM INVESTMENT ACTIVITIES | | |
| Net cash flow (outflow) from investment activities | -307,505 | -4,194 |
| FUNDING ACTIVITIES | | |
| Net cash flow (outflow) from funding activities | - | 10,750 |
| NET CASH FLOW (OUTFLOW) DURING YEAR/PERIOD | 1 | 1 |
| Selected interim financial information. The unaudited interim financial statements of Mediobanca International as at 31 December 2013 are shown below, along with comparative data for the period ended 31 December 2012 and the year ended 30 June 2013, plus a series of key financial indicators. | | |
| <i>(Euro)</i> | | |
| | 30/06/2013 | 31/12/2013 |
| Shareholders equity | | |

¹ Medium and Long-term debt consists of amounts owed to credit institutions and notes and bonds payable for which the original maturity, at the date of issuance, was 18-months or longer. This is an aggregation of data to disclose the medium-long term debts of the Bank.

| | | | | |
|-------------|---------------|---|-------------------------|--------------------|
| | | | | |
| | | Share capital | 10,000,000 | 10,000,000 |
| | | Reserves | 221,051,434 | 235,800,426 |
| | | Retained earnings | -- | -- |
| | | Net profit | 14,748,992 | 9,593,912 |
| | | | | |
| | | Total Shareholder's equity | 245,800,426 | 255,394,338 |
| | | | | |
| | | | 31/12/2013 | 31/12/2012 |
| | | | <i>(Euro thousands)</i> | |
| | | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | | Operating activities | -867 | -1.921 |
| | | Cash generated/(absorbed) by financial assets | -413.467 | 1.381.114 |
| | | Cash (generated)/absorbed by financial liabilities | 389.335 | -1.379.193 |
| | | Net cash flow (outflow) from operating activities | -24.999 | – |
| | | | | |
| | | CASH FLOW FROM INVESTMENT ACTIVITIES | | |
| | | Net cash flow (outflow) from investment activities | 24.999 | -1 |
| | | | | |
| | | FUNDING ACTIVITIES | | |
| | | Net cash flow (outflow) from funding activities | – | – |
| | | | | |
| | | NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD | – | -1 |
| | | | | |
| | | Mediobanca | | |
| | | <i>Material adverse change</i> | | |
| | | Since 31 December 2013 with respect to Mediobanca there have been no material adverse changes to the prospects of either Mediobanca or the Group headed up by it. | | |
| | | <i>Significant change</i> | | |
| | | There have been no significant changes to financial or trading position of Mediobanca or the other companies forming part of the Group since the most recent financial information available was disclosed in its consolidated interim financial statements as at 31 December 2013. | | |
| | | [Mediobanca International | | |
| | | <i>Material adverse change</i> | | |
| | | Since 30 June 2013 with respect to Mediobanca International there have been no material adverse changes to the prospects of Mediobanca International. | | |
| | | <i>Significant change</i> | | |
| | | There have been no significant changes to financial or trading position of Mediobanca International since the most recent financial information available was disclosed in its non-consolidated interim financial statements as at 31 December 2013.] | | |
| B.13 | Recent | Mediobanca | | |

| | | |
|-------------|--|--|
| | events | <p>Not applicable. Neither Mediobanca nor any company in the Group have carried out transactions that have materially affected or that might be reasonably expected to materially affect, Mediobanca's ability to meet its obligations.</p> <p>[Mediobanca International</p> <p>Not applicable. Mediobanca International has not carried out transactions that have materially affected or that might be reasonably expected to materially affect, Mediobanca International's ability to meet its obligations.]</p> |
| B.14 | Issuer dependent upon other entities within the group | <p>Mediobanca</p> <p>Not Applicable. Mediobanca is the parent company of the Mediobanca Group and it is not dependent upon other entities within the Mediobanca Group.</p> <p>See also item B.5 above.</p> <p>[Mediobanca International</p> <p>Mediobanca International is part of the Mediobanca Group and is a wholly owned subsidiary of the Mediobanca Group, operating autonomously within the Group and subject to coordination and support of Mediobanca.</p> <p>See also item B.5 above.]</p> |
| B.15 | Principal activities | <p>Mediobanca</p> <p>As stated in Article 3 of its Articles of Association, Mediobanca's purpose is to raise funds and provide credit in any of the forms permitted especially medium- and long-term credit to corporates.</p> <p>Within the limits laid down by current regulations, Mediobanca may execute all banking, financial and intermediation-related operations and services, and carry out any transaction deemed to be instrumental to or otherwise connected with the achievement of Mediobanca's purpose.</p> <p>[Mediobanca International</p> <p>Mediobanca International may carry out, either within or outside the Grand Duchy of Luxembourg, any banking or financial operations authorised by the law relating to the financial sector.</p> <p>Mediobanca International's principal activity consists of raising funds on international markets, by issues of bonds chiefly under a short and medium term notes programme guaranteed by Mediobanca. Mediobanca International is also engaged in corporate lending operations.]</p> |
| B.16 | Control of Issuer | <p>Mediobanca</p> <p>Not applicable. No individual or entity controls Mediobanca within the meaning of Article 93 of the Italian Legislative Decree 58/98.</p> <p>[Mediobanca International</p> <p>Mediobanca International is 99% directly owned by Mediobanca.]</p> |
| B.17 | Credit ratings | <p>[Mediobanca</p> <p>As at the date of the Base Prospectus Standard & Poor's Credit Market Services Italy S.r.l. ("S&P") rated Mediobanca A-2 (short-term debt), BBB (long-term debt) and negative (outlook).]</p> <p>[Standard & Poor's Credit Market Services Italy S.r.l. is a credit rating agency which is established in the European Community and has been registered in accordance with Regulation 1060/2009/EC (as amended by Regulation 513/2011/EU and by Regulation 462/2013/EU) (the "CRA Regulation"). As such S&P is included in the latest list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA – see www.esma.europa.eu/page/List-registered-and-certified-CRAs.]</p> <p>[Mediobanca International</p> <p>[Not Applicable. Mediobanca International is not rated.]]</p> <p>The Notes</p> |

| | | |
|-------------|-------------------------------------|--|
| | | <p>The Notes are [unrated] [rated by [S&P entity] [Moody's entity] [●]].</p> <p>[[S&P entity][Moody's entity] is established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies.] [The rating of the Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies (the “CRA Regulation”).] [[●] [is]/[are] established in the European Union and [has]/[have each] applied for registration under Regulation (EC) No 1060/2009, although the result of such application has not yet been determined.] [[●] [is]/[are] not established in the European Union and [has]/[have] not applied for registration under Regulation (EC) No 1060/2009.]</p> |
| B.18 | Guarantee | <p>Under the Deed of Guarantee, and in accordance with its terms and subject to the limitations thereof, Mediobanca (the “Guarantor”) unconditionally and irrevocably guarantees payment of all amounts due in respect of Notes issued by Mediobanca International.</p> <p>The payment obligations of the Guarantor under the Deed of Guarantee constitute – in accordance with the terms and subject to the limitations thereof – direct, unconditional, unsubordinated and unsecured obligations of the Guarantor which will rank at all times at least <i>pari passu</i> without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for certain mandatory exceptions of applicable law. In particular, pursuant to the Deed of Guarantee, to the extent under the applicable law in force at the relevant time, a cap to the maximum amount to be guaranteed is required, the Guarantor shall only be liable up to an amount which is the aggregate of 110 per cent. of the aggregate principal amount of any Tranche of the Notes (in each case as specified in the applicable Final Terms) and 110 per cent. of the interest on such Notes accrued but not paid as at any date on which the Guarantor's liability falls to be determined. In addition, pursuant to the Deed of Guarantee, the Guarantor has also undertaken to issue an additional guarantee in an amount equal to any liability exceeding the maximum amount mentioned above in relation to any Tranche.</p> |
| B.19 | Information on the Guarantor | [Not Applicable.] [Information with respect to Mediobanca is included in this section B above]. |

Section C — Securities

| Element | Description of Element | Disclosure requirement |
|----------------|---|---|
| C.1 | Type, class and security identification number of securities being offered | <p>The Notes are [Share Linked Notes] [Index Linked Notes] [Fund Linked Notes] [Credit Linked Notes] [Inflation Linked Notes] [Commodity Linked Notes] [FX Linked Notes] [Interest Rate Linked Notes] [Debt Linked Notes]. [The Notes are Physical Delivery Notes.]</p> <p>[The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and will rank at all times at least <i>pari passu</i> without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer, save for certain mandatory exceptions of applicable law.]</p> <p>The Notes have ISIN [] [and Common Code []].</p> |
| C.2 | Currency | Subject to compliance with all relevant laws, regulations and directives, the Notes are issued in []. |
| C.5 | Restrictions on free transferability | There are restrictions on sales of the Notes into, amongst other jurisdictions, the United States, the European Economic Area (including the United Kingdom and Italy) and Japan. |
| C.8 | Description of rights and ranking | <p>The Notes have terms and conditions relating to, among other matters:</p> <p>Status</p> <p>The Notes are issued by the Issuer on an unsubordinated basis. The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and</p> |

will rank at all times at least pari passu without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer, save for certain mandatory exceptions of applicable law. See Condition 2(a) (*Status of Notes*) of the Base Conditions.

Payments in respect of Global Notes

All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes.

Payments in respect of Notes in definitive form

Payments of principal and interest in respect of the Notes in definitive form shall be made against presentation and surrender of the relevant Notes at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with a bank in the principal financial centre of that currency; provided that in the case of Euro, the transfer may be to a Euro account.

Events of Default

The Notes are subject to the following Events of Default:

- (a) default is made for a period of five Business Days or more in the payment of any principal on any of the Notes or for a period of fifteen Business Days or more in the payment of any interest due in respect of the Notes or any of them;
- (b) the Issuer or the Guarantor (where applicable) fails duly to perform any other obligation under or in respect of the Notes, the Deed of Guarantee or the Issue and Paying Agency Agreement and such failure continues for more than 30 days after the service by a holder of a Note of notice on the Issuer requiring the same to be remedied;
- (c) the Issuer or the Guarantor (where applicable) suspends its payments generally;
- (d) certain events relating to the bankruptcy, insolvency, winding-up, dissolution, or administration of the Issuer or the Guarantor (where applicable) occur;
- (e) a cross default in respect of indebtedness for borrowed money of the relevant Issuer or the Guarantor (where applicable) occurs;
- (f) in respect of Notes issued by Mediobanca International, Mediobanca International ceases to be controlled by Mediobanca (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of Mediobanca International under the Notes);
- (g) it is or will become unlawful for the Issuer or the Guarantor (where applicable) to perform or comply with any one or more of its obligations under any of the Notes or the Deed of Guarantee (where applicable); and
- (h) certain events in relation to the Deed of Guarantee occur.

Further issues and consolidation

The Issuer may from time to time without the consent of the holders of Notes or Coupons create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Price, the Issue Date and/or the first payment of interest) and so that the same shall be consolidated and form a single series with such

| | | |
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| | | <p>Notes. In addition, Notes of one series may be consolidated with Notes of another Series.</p> <p>Substitution</p> <p>Subject to the fulfilment of certain conditions, the Issuer and, in case of Notes issued by Mediobanca International, the Guarantor may at any time (subject to certain conditions as provided in the Base Terms and Conditions) without the consent of the holders of Notes or Coupons, substitute Mediobanca in place of Mediobanca International as the Issuer or Mediobanca International in place of Mediobanca as the Issuer.</p> |
| C.9 | <p>Nominal Interest Rate/ Interest Payment Dates/ Interest Accrual Dates/Description of the underlying/ Maturity Date/ Redemption / Yield/ Representative of Noteholders</p> | <p>See item C.8 above for information on certain of the rights attaching to the Notes.</p> <p>Interest and Interest Periods</p> <p>The Notes [bear interest at a [fixed] [structured] [floating] rate from the Interest Commencement Date] [to the [*] [Interest Rate Switch Date] and shall thereafter bear interest [at a [fixed][structured] [floating] rate] [from the [*] [Interest Rate Switch Date] [to the [*] [Interest Rate Switch Date]] and shall thereafter bear interest [at a [fixed][structured] [floating] rate] [from the [*] [Interest Rate Switch Date] [to the [*] [Interest Rate Switch Date]] [at the applicable Interest Rate, such interest being payable in arrear on each specified Interest Payment Date,] [to the Maturity Date] [, in each case, subject to the occurrence of an Interest Barrier Event].</p> <p><i>Interest Rate</i></p> <p><i>[Insert in the case of Fixed Rate:</i></p> <p>The Interest Rate for the Notes from the [Interest Commencement Date] [*] [Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [*] [Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date] [(the “[*] Fixed Rate Period”) is [●] per cent. per annum] [from the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [●]][(the “[*] Fixed Rate Period”) is [●] per cent. per annum] [from the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [●]] [Maturity Date] [(the “[*] Fixed Rate Period”) is [●] per cent. per annum]. [The yield in respect of the Notes is [●]. Yield is calculated as internal rate of return (IRR) on the basis of the Issue Price[,] [and] the Fixed Coupon [and the Broken Amount]. It is not an indication of future yield.]]</p> <p><i>[Insert in the case of Floating Rate:</i></p> <p><i>[Insert in the case of “Screen Rate Determination”:</i> The Interest Rate for each Interest Period from the [Interest Commencement Date] [*] [Interest Rate Switch Date] [Interest Payment Date falling on [●]] to the [*] [Interest Rate Switch Date] [Interest Payment Date falling on [●]] [Maturity Date] [(the “[*] Floating Rate Period”) shall be determined by reference to [●- week[s]] [●- month] [3-month] [6-month] [12-month] [GBP-][EUR-][USD-][CHF-] [●-] [EURIBOR] [LIBOR] [LIBID] [LIMEAN] [<i>relevant yield of Government securities</i>] [<i>relevant swap rate</i>] appearing on [●] (the “[*] Reference Rate”) [from the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [●]] to the [*] [Interest Rate Switch Date] [Interest Payment Date falling on [●]] [Maturity Date] [(the “[*] Floating Rate Period”) shall be determined by reference to [●- week[s]] [●- month] [3-month] [6-month] [12-month] [GBP-][EUR-][USD-][CHF-] [●-] [EURIBOR] [LIBOR] [LIBID] [LIMEAN] [<i>relevant yield of Government securities</i>] [<i>relevant swap rate</i>] appearing on [●]] (the “[*] Reference Rate”) [and] [With respect to the [*] Floating Rate Period, the [*] Reference Rate] will be determined as [the sum of a Margin of [●] and the Reference Rate so determined] [(i) the sum of a Margin of [●] and the Reference Rate so determined (ii) multiplied by a Multiplier of [●]] [the sum of (i) a Margin of [●] and (ii) the Reference Rate so determined multiplied by a Reference Rate Multiplier of [●]]. If no such rate appears on</p> |

the applicable page at the relevant time on the Interest Determination Date, the rate shall be determined by the Calculation Agent using certain fallback methods. [[With respect to the [*] Floating Rate Period, the [*] Reference Rate] will be determined as [the sum of a Margin of [●] and the Reference Rate so determined] [(i) the sum of a Margin of [●] and the Reference Rate so determined (ii) multiplied by a Multiplier of [●]] [the sum of (i) a Margin of [●] and (ii) the Reference Rate so determined multiplied by a Reference Rate Multiplier of [●]]. If no such rate appears on the applicable page at the relevant time on the Interest Determination Date, the rate shall be determined by the Calculation Agent using certain fallback methods.] [In respect of any short or long Interest Period as specified in the applicable Final Terms, the Calculation Agent will determine the Interest Rate using Linear Interpolation.] [For the avoidance of doubt the Interest Rate is a [sum of] [combination of] [one] [[●]] Reference Rate[s] [(plus any applicable Margin)].]

[Insert in the case of “ISDA Determination”: The Interest Rate for each Interest Period [from the [Interest Commencement Date] [*] [Interest Rate Switch Date] [Interest Payment Date falling on [●]] to the [*] [Interest Rate Switch Date] [Interest Payment Date falling on [●]] [Maturity Date] [(the “[*] Floating Rate Period”)] [shall be] [(i) the sum of a Margin of [●] and the ISDA Rate (ii) multiplied by a Multiplier of [●]] [the sum of (i) a Margin of [●] and (ii) the ISDA Rate multiplied by a Reference Rate Multiplier of [●]] [from the [*] Interest Rate Switch Date to the [*] [Interest Rate Switch Date] [Interest Payment Date falling on [●]] [Maturity Date] [(the “[*] Floating Rate Period”)] [shall be the] [the sum of a Margin of [●] and the ISDA Rate] [(i) the sum of a Margin of [●] and the ISDA Rate (ii) multiplied by a Multiplier of [●]] [the sum of (i) a Margin of [●] and (ii) the ISDA Rate multiplied by a Reference Rate Multiplier of [●]] *[the following information shall be included with respect to each Floating Rate Period]* where “ISDA Rate” in relation to [any Interest Period] [the [*] Floating Rate 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 rate 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 [GBP-][EUR-][USD-][CHF-] [●-] [EURIBOR-] [LIBOR-] [LIBID-] [LIMEAN-] *[relevant yield of Government securities]* *[relevant swap rate]* [●-] [Reuters] [Bloomberg] [BBA] [●];
- (b) the Designated Maturity (as defined in the ISDA Definitions) is to [●- week[s]] [●- month] [3-month] [6-month] [12-month]; and
- (c) the relevant Reset Date (as defined in the ISDA Definitions) is [the first day of that Interest Period] [●].

[In respect of any short or long Interest Period as specified in the applicable Final Terms, the Calculation Agent will determine the Interest Rate using Linear Interpolation.] [For the avoidance of doubt the Interest Rate is a [sum of] [combination of] [one] [[●]] Reference Rate[s] [(plus any applicable Margin)].

“**Linear Interpolation**” means the straight-line interpolation by reference to two rates based on the Reference Rate or the ISDA Rate, as the case may be, one of which will be determined as if the Specified Duration were the period of time for which rates are available next shorter than the length of the affected Interest Period and the other of which will be determined as if the Specified Duration or the Designated Maturity, as the case may be, were the period of time for which rates are available next longer than the length of such Interest Period.

“**ISDA Definitions**” means the 2006 ISDA Definitions as amended and updated as at the date of issue of the Notes as published by the International Swaps and Derivatives Association,

Inc., a copy of which is available on the website of the International Swaps and Derivatives Association, Inc. (www.isda.org) and can be obtained from the Issuer.]

[Insert if Multiplier is applicable:

Multiplier

The Interest Rate [from the Issue Date to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [for the [*] Floating Rate Period] [from the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling [*] to the Maturity Date] will also be subject to a Multiplier of []. [The Interest Rate [for the [*] Floating Rate Period] [from the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*] to the Maturity Date] will also be subject to a Multiplier of [].]

[Insert if Reference Rate Multiplier is applicable:

Reference Rate Multiplier

The Interest Rate [from the Issue Date to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [for the [*] Floating Rate Period] [from the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*] to the Maturity Date] will [also] be subject to a Reference Rate Multiplier of []. The Interest Rate [for the [*] Floating Rate Period] [from the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*] to the Maturity Date] will [also] be subject to a Reference Rate Multiplier of [].]

[Insert in the case of Structured Rate:

[Structured Rate Option 1 - Insert if “Performance Differential” is specified as being the applicable Structured Rate in the Final Terms:

The Interest Amount for each Interest Period from the [Interest Commencement Date] [Interest Rate Switch Date] to the [Interest Rate Switch Date] [Maturity Date] shall be calculated in accordance with the following:

- (i) the Calculation Amount of such Note; multiplied by
- (ii) [Interest Participation Factor multiplied by] [[the greater of (i) Floor and (ii) (Performance of Underlying 1 minus Performance of Underlying 2)[]],]

[provided that the Interest Amount will not be [greater than the Maximum Interest Amount] [and will not be] [less than the Minimum Interest Amount]]. Such amount shall be payable in the Relevant Currency. [**“Performance of Underlying 1”**, with respect to Reference Item 1 is:

$$\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

]

[**“Performance of Underlying 2”**, with respect to Reference Item 2 is:

$$\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

]

“Final Interest Reference Level” with respect to Reference Item 1 or Reference Item 2, as the case may be, is [average of the] the Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].

“Final Interest Valuation Date[s]” [is] [are] [●] [[]th Business Day] [in each Interest

Period], on which the Final Reference Level with respect to Reference Item 1 or Reference Item 2, as the case may be, is determined by the Calculation Agent.

“**Initial Interest Valuation Date**” is [●], on which the Initial Reference Level with respect to Reference Item 1 or Reference Item 2, as the case may be, is determined by the Calculation Agent.

“**Initial Interest Reference Level**” is, with respect to (i) Reference Item 1 [and with respect to the first Interest Period is equal to [●]] [and with respect to each subsequent Interest Period,] is the Interest Settlement Price on the Initial Interest Valuation Date] and (ii) Reference Item 2 [and with respect to the first Interest Period is equal to [●]] [and with respect to each subsequent Interest Period,] is the Interest Settlement Price on the Initial Interest Valuation Date].

“**Interest Settlement Price**” is the value with respect to Reference Item 1 or Reference Item 2, as the case may be, determined by the Calculation Agent in accordance with the Specific Terms and Conditions.

“**Floor**” means [*].

[“**Interest Participation Factor**” means [●].]

“**Calculation Amount**” means [●].

[Structured Rate Option 2 - Insert if “Best Performance” is specified as being the applicable Structured Rate in the Final Terms:

[The Interest Amount for each Interest Period from the [Interest Commencement Date] [Interest Rate Switch Date] to the [Interest Rate Switch Date] [Maturity Date] shall be calculated in accordance with the following:]

- (i) the Calculation Amount of such Note; multiplied by
- (ii) [Interest Participation Factor multiplied by] [(the greater of (i) Floor and (ii) Best Performance of Underlying)[)],]

[provided that the Interest Amount will not be [greater than the Maximum Interest Amount] [and will not be] [less than the Minimum Interest Amount]]. Such amount shall be payable in the Relevant Currency. “**Best Performance of Underlying**” means the highest Performance of Underlying of the Components of the Basket comprising the Reference Item.

[“**Performance of Underlying**” with respect to each Component of the Basket comprising the Reference Item, is:

$$\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

“**Final Interest Reference Level**” with respect to a Component is the [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].

“**Initial Interest Reference Level**” is, with respect to Component [] and the first Interest Period is equal to [●]][and with respect to each subsequent Interest Period, the Interest Settlement Price on the Initial Interest Valuation Date]. *[Complete for each Component]*

“**Interest Settlement Price**” is the value with respect to the relevant Component determined by the Calculation Agent in accordance with the Specific Terms and Conditions.

“**Initial Interest Valuation Date**” is [●], on which the Initial Reference Level of the relevant Component is determined by the Calculation Agent.

“**Final Interest Valuation Date[s]**” [is] [are] [●], on which the Final Reference Level of the

| | |
|--|---|
| | <p>relevant Component is determined by the Calculation Agent.</p> <p>“Floor” means [*].</p> <p>[“Interest Participation Factor” means [●].]</p> <p>“Calculation Amount” means [●].</p> <p><i>[Structured Rate Option 3 - Insert if “Worst Performance” is specified as being the applicable Structured Rate in the Final Terms:</i></p> <p>[The Interest Amount for each Interest Period from the [Interest Commencement Date] [Interest Rate Switch Date] to the [Interest Rate Switch Date] [Maturity Date] shall be calculated in accordance with the following:]</p> <p>(i) the Calculation Amount of such Note; multiplied by</p> <p>(ii) [Interest Participation Factor multiplied by] [(the greater of (i) Floor and (ii) Worst Performance of Underlying)[)],]</p> <p>[provided that the Interest Amount will not be [greater than the Maximum Interest Amount] [and will not be] [less than the Minimum Interest Amount]]. Such amount shall be payable in the Relevant Currency. “Worst Performance of Underlying” means the lowest Performance of Underlying of the Components of the Basket comprising the Reference Item.</p> <p>“Performance of Underlying”, with respect to each Component of the Basket comprising the Reference Item, is:</p> $\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$ <p style="text-align: center;">]</p> <p>“Final Interest Reference Level” with respect to a Component is the [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].</p> <p>“Initial Interest Reference Level” is, [with respect to a Component [] and with respect to the first Interest Period is equal to [●]][and with respect to each subsequent Interest Period,] the Interest Settlement Price on the Initial Interest Valuation Date]. <i>[complete with respect to each Component]</i></p> <p>“Interest Settlement Price” is the value with respect to the relevant Component determined by the Calculation Agent in accordance with the Specific Terms and Conditions.</p> <p>“Initial Interest Valuation Date” is [●], on which the Initial Reference Level is determined by the Calculation Agent.</p> <p>“Final Interest Valuation Date[s]” [is] [are] [●], on which the Final Reference Level is determined by the Calculation Agent.</p> <p>“Floor” means [*].</p> <p>[“Interest Participation Factor” means [●].]</p> <p>“Calculation Amount” means [●].</p> <p><i>[Structured Rate Option 4 - Insert if “Digital Call” is specified as being the applicable Structured Rate in the Final Terms:</i></p> <p><i>[The following information shall be included with respect to each Digital Call Period]</i></p> <p>[The Interest Rate for each Interest Period from the [Interest Commencement Date] [Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date] [(the “[*] Digital Call Period”)] shall be [] [per cent.] where a Structured Barrier Event has occurred and [] [per cent.] where a</p> |
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| | | <p>Structured Barrier Event has not occurred].</p> <p>“Structured Barrier Event” means that the [average of the] Interest Settlement Price[s] of the Reference Item [is equal to] [and/or] [is greater than] the Structured Barrier Level on [the] [each of the] Structured Barrier Observation Date[s].</p> <p>“Interest Settlement Price” is the value with respect to the Reference Item determined by the Calculation Agent in accordance with the Specific Terms and Conditions.</p> <p>“Structured Barrier Observation Date[s]” means [●].</p> <p>“Structured Barrier Level” means [●].</p> <p><i>[Structured Rate Option 5 - Insert if “Digital Put” is specified as being the applicable Structured Rate in the Final Terms:</i></p> <p><i>[The following information shall be included with respect to each Digital Put Period]</i></p> <p>[The Interest Rate for each Interest Period from the [Interest Commencement Date] [Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date] [(the “[*] Digital Put Period”)] shall be [] [per cent.] where a Structured Barrier Event has occurred and [] [per cent.] where a Structured Barrier Event has not occurred].</p> <p>“Structured Barrier Event” means that the [average of the] Interest Settlement Price[s] of the Reference Item [is equal to] [and/or] [less than] the Structured Barrier Level on [the] [each of the] Structured Barrier Observation Date[s].</p> <p>“Interest Settlement Price” is the value with respect to the Reference Item determined by the Calculation Agent in accordance with the Specific Terms and Conditions.</p> <p>“Structured Barrier Observation Date[s]” means [●].</p> <p>“Structured Barrier Level” means [●].</p> <p><i>[Structured Rate Option 6 - Insert if “Best of Digital Call” is specified as being the applicable Structured Rate in the Final Terms:</i></p> <p><i>[The following information shall be included with respect to each Best of Digital Call Period]</i></p> <p>[The Interest Rate for each Interest Period from the [Interest Commencement Date] [Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date] [(the “[*] Best of Digital Call Period”)] shall be [] [per cent.] where a Structured Barrier Event has occurred and [] [per cent.] where a Structured Barrier Event has not occurred].</p> <p>“Structured Barrier Event” means that the [average of the] Interest Settlement Price[s] of the Component comprised in the Basket having the highest Performance of Underlying [is equal to] [and/or] [is greater than] the Structured Barrier Level on [the] [each of the] Structured Barrier Observation Date[s].</p> <p>“Interest Settlement Price” is the value with respect to the Component comprised in the Basket determined by the Calculation Agent in accordance with the Specific Terms and Conditions.</p> <p>“Structured Barrier Observation Date[s]” means [●].</p> <p>“Structured Barrier Level” means [●].</p> <p>[“Performance of Underlying”, with respect to the each Component of the Basket comprising the Reference Item, is:</p> $[\text{Max } 0; \left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right]]$ <p>]</p> |
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| | <p>“Final Interest Reference Level” with respect to a Component is the [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].</p> <p>“Initial Interest Reference Level” is, with respect to Component [] [and the first Interest Period is equal to [●]] [and with respect to each subsequent Interest Period,] the Interest Settlement Price on the Initial Interest Valuation Date. <i>[Complete for each Component]</i></p> <p>“Initial Interest Valuation Date” is [●], on which the Initial Reference Level is determined by the Calculation Agent.</p> <p>“Final Interest Valuation Date[s]” [is] [are] [●], on which the Final Reference Level is determined by the Calculation Agent.</p> <p><i>[Structured Rate Option 7 - Insert if “Best of Digital Put” is specified as being the applicable Structured Rate in the Final Terms:</i></p> <p><i>[The following information shall be included with respect to each Best of Digital Put Period]</i></p> <p>[The Interest Rate for each Interest Period from the [Interest Commencement Date] [Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date] (the “[*] Best of Digital Put Period”)] shall be [] [per cent.] where a Structured Barrier Event has occurred and [] [per cent.] where a Structured Barrier Event has not occurred].</p> <p>“Structured Barrier Event” means that the [average of the] Interest Settlement Price[s] of the Component comprised in the Basket having the highest Performance of Underlying on [the] [each of the] [Structured Barrier Observation Date[s]] [is equal to] [and/or] [less than] the Structured Barrier Level.</p> <p>“Interest Settlement Price” is the value with respect to the Component comprised in the Basket determined by the Calculation Agent in accordance with the Specific Terms and Conditions.</p> <p>“Structured Barrier Observation Date[s]” means [●].</p> <p>“Structured Barrier Level” means [●].</p> <p>[“Performance of Underlying”, with respect to the each Component of the Basket comprising the Reference Item, is:</p> $\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right] \text{]}$ <p>“Final Interest Reference Level” with respect to a Component is the [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].</p> <p>“Initial Interest Reference Level” is, with respect to the Component, [and with respect to the first Interest Period is equal to [●]] [and with respect to each subsequent Interest Period,] the Interest Settlement Price on the Initial Interest Valuation Date].</p> <p>“Initial Interest Valuation Date” is [●], on which the Initial Reference Level is determined by the Calculation Agent.</p> <p>“Final Interest Valuation Date[s]” [is] [are] [●], on which the Final Reference Level is determined by the Calculation Agent.</p> <p><i>[Structured Rate Option 8 - Insert if “Worst of Digital Call” is specified as being the applicable Structured Rate in the Final Terms:</i></p> <p><i>[The following information shall be included with respect to each Worst of Digital Call Period]</i></p> |
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| | <p>[The Interest Rate for each Interest Period from the [Interest Commencement Date] [Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date] [the “[*] Worst of Digital Call Period”]] shall be [] [per cent.] where a Structured Barrier Event has occurred and [] [per cent.] where a Structured Barrier Event has not occurred].</p> <p>“Structured Barrier Event” means that [the] [average of the] Interest Settlement Price[s] of the Component comprised in the Basket having the lowest Performance of Underlying on [the] [each of the] [Structured Barrier Observation Date[s]] [is equal to] [and/or] [is greater than] the Structured Barrier Level.</p> <p>“Interest Settlement Price” is the value with respect to the Component comprised in the Basket determined by the Calculation Agent in accordance with the Specific Terms and Conditions.</p> <p>“Structured Barrier Observation Date[s]” means [●].</p> <p>“Structured Barrier Level” means [●].</p> <p>[“Performance of Underlying” with respect to each Component of the Basket comprising the Reference Item, is:</p> $\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right] \text{ [Max 0;]}$ <p>“Final Interest Reference Level” with respect to Component is the [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].</p> <p>“Initial Interest Reference Level” is, with respect to Component [] [and the first Interest Period is equal to [●]] [and with respect to each subsequent Interest Period,] the Interest Settlement Price on the Initial Interest Valuation Date]. <i>[Complete for each Component]</i></p> <p>“Initial Interest Valuation Date” is [●], on which the Initial Reference Level is determined by the Calculation Agent.</p> <p>“Final Interest Valuation Date[s]” [is] [are] [●], on which the Final Reference Level is determined by the Calculation Agent.</p> <p><i>[Structured Rate Option 9 - Insert if “Worst of Digital Put” is specified as being the applicable Structured Rate in the Final Terms:</i></p> <p><i>[The following information shall be included with respect to each Worst of Digital Put Period]</i></p> <p>[The Interest Rate for each Interest Period [from the Interest Commencement Date] [Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date] [(the “[*] Worst of Digital Put Period”)] shall be [] [per cent.] where a Structured Barrier Event has occurred and [] [per cent.] where a Structured Barrier Event has not occurred].</p> <p>“Structured Barrier Event” means that [the] [average of the] Interest Settlement Price[s] of the Component comprised in the Basket having the lowest Performance of Underlying on [the] [each of the] [Structured Barrier Observation Date[s]] [is equal to] [and/or] [less than] the Structured Barrier Level.</p> <p>“Interest Settlement Price” is the value with respect to the Component comprised in the Basket determined by the Calculation Agent in accordance with the Specific Terms and Conditions.</p> <p>“Structured Barrier Observation Date[s]” means [●].</p> |
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| | | <p>“Structured Barrier Level” means [●].</p> <p>[“Performance of Underlying” with respect to each Component of the Basket comprising the Reference Item, is:</p> $\left[\text{Max } 0; \left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \right]$ <p>“Final Interest Reference Level” with respect to a Component is the [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].</p> <p>“Initial Interest Reference Level” is, with respect to Component [] [and the first Interest Period is equal to [●]] [and with respect to each subsequent Interest Period,] the Interest Settlement Price on the Initial Interest Valuation Date. <i>[Complete for each Component]</i></p> <p>“Initial Interest Valuation Date” is [●], on which the Initial Reference Level is determined by the Calculation Agent.</p> <p>“Final Interest Valuation Date[s]” [is] [are] [●], on which the Final Reference Level is determined by the Calculation Agent.</p> <p><i>[Structured Rate Option 10 - Insert if “European Call” is specified as being the applicable Structured Rate in the Final Terms:</i></p> <p>(i) the Calculation Amount of such Note; multiplied by</p> <p>(ii) [Spread +] [(][Interest Participation Factor multiplied by] [the greater of (a)] [Floor][; and (b)] Performance of Underlying[)],]</p> <p>(ii) [the greater of (a) Floor; and (b)] [Spread +] [(][Interest Participation Factor multiplied by] Performance of Underlying[)],]</p> <p>[“Performance of Underlying”, with respect to the Reference Item is</p> <p><i>[Insert if Reference Item is not a Basket:</i></p> $\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$ <p style="text-align: right;">]]</p> <p><i>[Insert if Reference Item is a Basket:</i></p> <p>[the sum of each of the following values calculated with respect to each Component:</p> <p>(i) Performance of Component; multiplied by</p> <p>(ii) Component Weight,</p> <p>[“Performance of Component”, with respect to each Component of the Basket comprising the Reference Item, is:</p> $\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$ <p style="text-align: right;">]]</p> <p>“Final Interest Reference Level” [with respect to a Component] is [the [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates]] <i>[[for Inflation Linked Notes only] The Index Level reported for the Final Index Level Month].</i></p> <p>“Initial Interest Reference Level” is, [with respect to the first Interest Period is equal to</p> |
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| | <p>[●][and with respect to each subsequent Interest Period,] [the Interest Settlement Price on the Initial Interest Valuation Date] [<i>for Inflation Linked Notes only</i>] The Index Level reported for the Initial Index Level Month].</p> <p>“Interest Settlement Price” is the value with respect to the Reference Item determined by the Calculation Agent in accordance with the Specific Terms and Conditions.</p> <p>“Initial Interest Valuation Date” is [●], on which the Initial Reference Level is determined by the Calculation Agent.</p> <p>“Final Interest Valuation Date[s]” [is] [are] [●], on which the Final Reference Level is determined by the Calculation Agent.</p> <p>[“Interest Participation Factor” means [●].]</p> <p>[“Spread” means [●].]</p> <p>[“Floor” means [*].]</p> <p>“Calculation Amount” means [●].</p> <p>[“Final Index Level Month” means [●].]</p> <p>[“Initial Index Level Month” means [●].]</p> <p><i>[Insert if Maximum Interest Rate and/or Minimum Interest Rate is applicable:</i></p> <p><i>[Maximum Interest Rate] [and] [Minimum Interest Rate]</i></p> <p>[The Interest Rate from the [Interest Commencement Date] to the [Interest Rate Switch Date][Interest Payment Date falling on [*]][Maturity Date] will also be subject to a [[Maximum][Minimum] Interest Rate of [●]] [and] a [[Maximum][Minimum] Interest Rate of [●]] [and] [from the [Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [Interest Payment Date falling on [*]] [Maturity Date] will [also] be subject to a [[Maximum][Minimum] Interest Rate of [●]] [and] a [[Maximum][Minimum] Interest Rate of [●]].]</p> <p><i>Day Count Fraction</i></p> <p>The applicable Day Count Fraction for the calculation of the amount of interest due within [an Interest Period] [the Interest Period from [●] to [●]] will be [1/1] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [and within the Interest Period from [●] to [●]] will be [1/1] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)].</p> <p><i>Interest Periods</i></p> <p>The Interest Periods are the periods commencing on (and including) the Interest Commencement Date to (but excluding) the first Interest Accrual Date and each period commencing on (and including) an Interest Accrual Date to (but excluding) the next following Interest Accrual Date.</p> <p><i>Issue Date and Interest Payment Dates</i></p> <p>The Issue Date is [●]. The Interest Payment Dates will be [●].</p> <p><i>[Interest Determination Date]</i></p> <p>[The Interest Determination Date with respect to an Interest Period will be [the first day of each Interest Period] [the second day on which TARGET2 is open prior to the first day of each Interest Period] [the day falling two Banking Days prior to the first day of each Interest Period] [●].]</p> <p>[“TARGET2” means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto.]</p> |
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| | | <p><i>Interest Accrual Dates</i></p> <p>The Interest Accrual Dates will be [●].</p> <p>[Insert if “Interest Rate Switch” is applicable:</p> <p><i>Interest Rate Switch Date</i></p> <p>The Interest Rate Switch Date for each Series of Notes will be [●].]</p> <p>Redemption</p> <p><i>Maturity</i></p> <p>The Maturity Date is [●].</p> <p>[Insert if the Notes are not Physical Delivery Notes:</p> <p>Final Redemption Amount</p> <p>Each Note entitles its holder to receive from the Issuer on the Maturity Date the Final Redemption Amount.</p> <p>[“Final Redemption Amount” means [●].]</p> <p>[Insert if the Notes are Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes, FX Linked Notes, Debt Linked Notes or Interest Rate Linked Notes and not Physical Delivery Notes:</p> <p>The Final Redemption Amount is [] [calculated in accordance with the following:</p> <p>[Insert if “Normal Performance” is specified as being applicable in the Final Terms:</p> <p>(i) the Calculation Amount of such Note; multiplied by</p> <p>[Insert if Reference Item is not a Basket:</p> <p>(ii) (1 + Performance of Underlying),]</p> <p>[Insert if Reference Item is a Basket:</p> <p>(ii) [(1 + [(the greater of (a) zero and (b)]the sum of each of the following values calculated with respect to each Component:</p> <p>(a) Performance of Component; multiplied by</p> <p>(b) Component Weight,)]]</p> <p>[Insert if “Performance Differential” is specified as being applicable in the Final Terms:</p> <p>(i) the Calculation Amount of such Note; multiplied by</p> <p>(ii) (1 + [Participation Factor multiplied by] (Performance of Underlying 1 minus Performance of Underlying 2))],]</p> <p>[provided that the Final Redemption Amount will not be [greater than the Maximum Redemption Amount] [and will not be] less than the Minimum Redemption Amount]. Such amount shall be payable in the Relevant Currency.</p> <p>[Performance of Underlying, with respect to the Reference Item, is:</p> $[\text{Max } 0; \left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1]$ <p>[Performance of Underlying 1, with respect to Reference Item 1 is:</p> $[\text{Max } 0; \left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1]$ <p>[Performance of Underlying 2, with respect to Reference Item 2 is:</p> |
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$$\left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} - 1 \right] \times \text{[Max 0;]}$$

["**Performance of Component**"], with respect to each Component of the Basket comprising the Reference Item, is:

$$\left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} - 1 \right]$$

"**Final Reference Level**" is the [average of the] Settlement Price[s] determined on [the Final Valuation Date] [determined on each of the Final Valuation Dates].

"**Initial Reference Level**" [is [equal to [●]] [the Settlement Price on the Initial Valuation Date]] [with respect to Reference Item 1 is [equal to [●]] [the Settlement Price on the Initial Valuation Date] and with respect to Reference Item 2 is [equal to [●]] [the Settlement Price on the Initial Valuation Date]].

["**Initial Valuation Date**" is [●], on which the Initial Reference Level is determined by the Calculation Agent.]

"**Settlement Price**" is the value with respect to the [Reference Item] [Reference Item 1 or Reference Item 2, as the case may be] [the relevant Component] determined by the Calculation Agent in accordance with the Specific Terms and Conditions and as further described in item C.19 below.

"**Final Valuation Date[s]**" [is] [are] [●], on which the Final Reference Level is determined by the Calculation Agent.

["**Participation Factor**" means [●].]

"**Calculation Amount**" means [●].

[Insert if the Notes are Credit Linked Notes:

The Final Redemption Amount is [] [the Calculation Amount of the Note], provided that no Credit Event has occurred.

[Insert if the Notes are Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes, FX Linked Notes, Debt Linked Notes and/or Interest Rate Linked Notes and are Physical Delivery Notes:

Entitlement

Each Note entitles its holder to receive from the Issuer on the Maturity Date the Entitlement. The Entitlement shall mean a quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Noteholder is entitled to receive on the Maturity Date in respect of each such Note following payment of any sums payable and Expenses, which is [[] [Entitlement Units in []]] [Entitlement Units x Entitlement Multiplier] [Entitlement Units x Entitlement Multiplier x Component Weight].

"**Entitlement Units**" means [[] unit[s] of the [basket constituting the] Reference Item] (where the intention is to deliver a basket, insert details of the relevant Basket Constituents)

[a number of units of each Basket Component equal to the Component Weight for the relevant Component [, in each case rounded down to the nearest whole number of units].]

["**Entitlement Multiplier**" means [] [the quotient of [the Calculation Amount of such Note] [100] [] (as numerator) and the Initial Reference Level (as denominator).]] [TO BE CONFIRMED]

"**Calculation Amount**" means [●].

[Insert if Interest Barrier Event applies:

Interest Barrier Event

[Insert if the Notes are Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes, FX Linked Notes and/or Debt Linked Notes and not Physical Delivery Notes:

If an Interest Barrier Event has occurred, each Notes entitles its holder to receive from the Issuer on [each] [the] Interest Barrier Payment Date the Interest Barrier Amount. [With effect from the date on which the Interest Barrier Event occurred, the Notes will cease to bear interest.] [Each Note shall be automatically redeemed on the Interest Barrier Payment Date falling on [●].]

“**Interest Barrier Event**” means that the Settlement Price of the Reference Item[s] [1] [2] [Components comprised in the Basket] [is equal to] [is greater than] [less than] the Interest Barrier Level on [an Interest Barrier Observation Date] [at any time during the Interest Barrier Observation Period].

“**Interest Barrier Level**” means [●].

“**Interest Barrier Amount**” means the amount which the Noteholder is entitled to receive on [each] [the] Interest Barrier Payment Date [in the Settlement Currency] in relation to each such Note, which shall be [●] [(i) the Calculation Amount multiplied by (ii) (1 + [(Participation Factor multiplied by] Performance of Underlying)], [provided that the Interest Barrier Amount will not be greater than the Interest Barrier Maximum Amount (if any) and will not be less than the Interest Barrier Minimum Amount (if any)].

For these purposes, “**Performance of Underlying**” means, with respect to the Reference Item:

$$\text{[Max 0;] } \left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

where

“**Final Interest Reference Level**” is the Settlement Price on the Final Barrier Observation Date] [the relevant day during the Interest Barrier Observation Period on which the Interest Barrier Event occurs].

“**Final Barrier Observation Date**” is [●], on which the Final Interest Reference Level is determined by the Calculation Agent.

“**Initial Interest Reference Level**” is the Settlement Price on the Initial Barrier Observation Date.

“**Initial Barrier Observation Date**” is [[●]] [the []th Business Day of the Interest Barrier Observation Period].

[Insert if Redemption Barrier Event applies:

Redemption Barrier Event

*[Insert if the Notes are Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes, FX Linked Notes, Debt Linked Notes and/or Interest Rate Linked Notes and not Physical Delivery Notes:*If a Redemption Barrier Event has occurred, each Notes entitles its holder to receive from the Issuer on [each] [the] Barrier Redemption Date the Barrier Redemption Amount. [Each Note shall be automatically redeemed on the Barrier Redemption Date falling on [●].]

“**Redemption Barrier Event**” means that the Settlement Price of the Reference Item[s] [1] [2] [Components comprised in the Basket] [is equal to] [is greater than] [less than] the Redemption Barrier Level on [a Redemption Barrier Observation Date] [at any time during the Redemption Barrier Observation Period].

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| | <p>“Redemption Barrier Level” means [●].</p> <p>“Barrier Redemption Amount” means the amount which the Noteholder is entitled to receive on [each] [the] Barrier Redemption Date [in the Settlement Currency] in relation to each such Note, which shall be [*] [(i) the Calculation Amount multiplied by (ii) (1 + [(Participation Factor multiplied by] Performance of Underlying)), [provided that the Barrier Redemption Amount will not be greater than the Barrier Maximum Amount (if any) and will not be less than the Barrier Minimum Amount (if any)].</p> <p>“Barrier Redemption Date” means [●].</p> <p>For these purposes, “Performance of Underlying” means, with respect to the Reference Item:</p> $\text{[Max 0;] } \left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1$ <p>where</p> <p>“Final Reference Level” is the Settlement Price on [the Final Barrier Observation Date] [the relevant day during the Redemption Barrier Observation Period on which the Redemption Barrier Event occurs].</p> <p>“Final Barrier Observation Date” is [●], on which the Final Reference Level is determined by the Calculation Agent.</p> <p>“Initial Reference Level” is the Settlement Price on the Initial Barrier Observation Date.</p> <p>“Initial Barrier Observation Date” is [[●]] [the []th Business Day of the Redemption Barrier Observation Period].</p> <p><i>Expenses</i></p> <p>A holder of Notes must pay all expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities, transfer and/or other taxes or duties arising from the redemption of the Notes and the delivery of any Entitlement pursuant to the terms of such Notes (“Expenses”) relating to such Notes.]</p> <p><i>[Insert if “Redemption by Instalments” is applicable:</i></p> <p><i>[Redemption by Instalments</i></p> <p>Unless previously redeemed, purchased and cancelled, each Note will be partially redeemed on each Instalment Date at the Instalment Amount, whereupon the Calculation Amount of such Note shall be reduced by the Instalment Amount for all purposes.</p> <p>The Instalment Amount per Note corresponding to the applicable Instalment Date is set out below:</p> <p>[●]</p> <p><i>Early Redemption</i></p> <p>The Notes may be redeemed early if[:]</p> <p>[(a) <i>Tax Redemption:</i> certain taxation events occur;]</p> <p>[(b) <i>Events of Default:</i>] an Event of Default occurs (as described in section C.8 above).</p> <p>In such circumstances, the Issuer shall pay the Early Redemption Amount together with interest accrued to the date fixed for [redemption] [or payment] in respect of each Note.</p> <p><i>[Insert if the Notes are Single Name Credit Linked Notes, First-to-Default Credit Linked Notes or Nth-to-default Credit Linked Notes and Cash Settlement or Auction Cash Settlement is the Settlement Basis:</i></p> |
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| | <p><i>Redemption upon the occurrence of a Credit Event</i></p> <p>If a Credit Event occurs, the Notes will be redeemed in full by payment on the Cash Settlement Date of the [Auction] Cash Settlement Amount.</p> <p>The [Auction] Cash Settlement Amount with respect to each Note is [] [an amount determined by the Calculation Agent to be the greater of (a) zero and (b) an amount equal to (i) 100 per cent. multiplied by (ii) the Calculation Amount of such Note multiplied by (iii) the [Auction] Final Price of the Reference Obligation(s) [adjusted upwards or downwards to reflect the <i>pro rata</i> Hedge Unwind Costs]].</p> <p>[“Hedge Unwind Costs” means the costs of unwinding any associated hedging transactions, including but not limited to any hedging and/or funding transactions, following the occurrence of a Credit Event.]</p> <p><i>[Insert if the Notes are Linear Basket Credit Linked Notes and Cash Settlement or Auction Cash Settlement is the Settlement Basis:</i></p> <p><i>Redemption upon the occurrence of a Credit Event</i></p> <p>If a Credit Event occurs, the Notes will be redeemed in part by payment on each Cash Settlement Date of the [Auction] Cash Settlement Amount.</p> <p>The [Auction] Cash Settlement Amount with respect to each Note is [] [an amount determined by the Calculation Agent to be the greater of (a) zero and (b) an amount equal to (i) an amount (expressed as a percentage) equal to the Related Nominal Amount of the Reference Entity to which the Credit Event relates divided by the Aggregate Nominal Amount of the Notes outstanding as of the related Event Determination Date multiplied by (ii) the Calculation Amount of such Note multiplied by (iii) the [Auction] Final Price of the Reference Obligation(s) [adjusted upwards or downwards to reflect the <i>pro rata</i> Hedge Unwind Costs]].</p> <p>[“Hedge Unwind Costs” means the costs of unwinding any associated hedging transactions, including but not limited to any hedging and/or funding transactions, following the occurrence of a Credit Event.]</p> <p><i>[Insert if the Notes are Single Name Credit Linked Notes, First-to-Default Credit Linked Notes or Nth-to-default Credit Linked Notes and Physical Settlement is the Settlement Basis:</i></p> <p><i>Redemption upon the occurrence of a Credit Event</i></p> <p>If a Credit Event occurs, the Notes will be redeemed in full by the delivery on or prior to the Physical Settlement Date of Deliverable Obligations.</p> <p>The amount of Deliverable Obligations which the Issuer will deliver with respect to each Note is an amount equal the Calculation Amount of such Note, subject to the payment of any Delivery Expenses [and Hedge Unwind Costs]].</p> <p>[“Hedge Unwind Costs” means the costs of unwinding any associated hedging transactions, including but not limited to any hedging and/or funding transactions, following the occurrence of a Credit Event.]</p> <p><i>[Insert if the Notes are Linear Basket Credit Linked Notes and Physical Settlement is the Settlement Basis:</i></p> <p><i>Redemption upon the occurrence of a Credit Event</i></p> <p>If a Credit Event occurs, the Notes will be redeemed in part by the delivery on or prior to each Physical Settlement Date of Deliverable Obligations.</p> <p>The amount of Deliverable Obligations which the Issuer will deliver with respect to each Note is a portion of the Calculation Amount of such Note which (expressed as a percentage) is the same as the amount (expressed as a percentage) equal to the Related Nominal Amount</p> |
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| | <p>of the Reference Entity to which the Credit Event relates divided by the Aggregate Nominal Amount of the Notes outstanding as of the related Event Determination Date, subject to the payment of any Delivery Expenses [and Hedge Unwind Costs]].</p> <p>["Hedge Unwind Costs" means the costs of unwinding any associated hedging transactions, including but not limited to any hedging and/or funding transactions, following the occurrence of a Credit Event.]</p> <p><i>[Insert if "Call Option" is applicable:</i></p> <p><i>Call Option</i></p> <p>The Issuer may, on giving [●] Business Days prior notice, redeem [all or some] of the Notes on the Optional Redemption Date[s] and the Issuer shall pay the Optional Redemption Amount (Call) together with interest accrued to the date fixed for redemption in respect of each Note.</p> <p><i>[Insert if "Put Option" is applicable:</i></p> <p><i>Put Option</i></p> <p>The Issuer shall, on receiving [●] [Business Days] [Calendar Days] prior notice from the holder of a Note, redeem such Note on the Optional Redemption Date[s] at its Optional Redemption Amount (Put) together with interest accrued to the date fixed for redemption in respect of such Note.</p> <p><i>Optional Redemption Amount</i></p> <p>The Optional Redemption Amount due in respect of each Note pursuant to the exercise of the [Call Option] [Put Option] shall be [[●] per Calculation Amount per Note][the Optional Redemption Amount per Note corresponding to the applicable Optional Redemption Date on which the [Call Option] [Put Option] is exercised is as set out below:</p> <p>[[●]]</p> <p>[The Maximum Redemption Amount is [●] per Calculation Amount per Note].</p> <p>[The Minimum Redemption Amount is [●] per Calculation Amount per Note].</p> <p><i>[Insert if "Redemption for taxation reasons" is applicable:</i></p> <p><i>[Tax Redemption</i></p> <p>The Notes may be redeemed early if certain taxation events occur with respect to the Notes, the Issuer or the Guarantor (where applicable).]</p> <p>[Purchases</p> <p>The Issuer, the Guarantor and any of the Guarantor's subsidiaries may at any time purchase [Note] [all (but not part of) of the Notes] [on one or more occasions, any portion of the Notes] in the open market or otherwise at any price provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith. Such option to purchase all of the Notes can only be exercised by the Issuer on [●].</p> <p>Upon exercise of such option, the holder(s) shall be obliged to sell to the Issuer (or any other entity indicated by the Issuer) all the Notes of the Series in relation to which such option is exercised.]</p> <p>Meetings</p> <p>The Notes contains provisions for convening meetings of Noteholders to consider matters affecting their interests generally with respect to the Notes. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p>Representative of Noteholders</p> <p>Not applicable – there is no representative of Noteholders.</p> |
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| C.10 | Derivative component in the interest payment | <p>See item C.9 above for information on interest and redemption.</p> <p>The Notes are characterised by [a pure bond component and] [a] [an implied] derivative component relating to [●] [which is represented by [●]].</p> |
| C.11 | Trading of Notes | <p>The Central Bank of Ireland has approved this document as a base prospectus. Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Irish Stock Exchange.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets as may be agreed between the relevant Issuer, the Guarantor (where applicable) and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p> |
| C.15 | Effect of the underlying | <p>[Not applicable - the Notes have a denomination of at least EUR 100,000.]</p> <p>[General]</p> <p><i>[Insert if the Notes are Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes, Debt Linked Notes, Interest Rate Linked Notes and/or FX Linked Notes:</i></p> <p>[The Notes enables investors to participate in the performance of the Reference Item from the [Issue Date] [●] until [●] [the [Final] Valuation Date[s]].</p> <p>Each Note entitles its holder to receive from the Issuer [on each Interest Payment Date the Interest Amount and] on the Maturity Date the [Final Redemption Amount] [Entitlement, following payment of any sums payable and Expenses]. The [amount of [each Interest Amount] [and] [the Final Redemption Amount]] will depend on the value of the Reference Item on the relevant valuation date] [value of the Entitlement will depend on its market value at the time of delivery].]</p> <p><i>[Insert if the Notes are Single Name Credit Linked Notes:</i></p> <p>The Notes enables investors to receive an enhanced rate of interest as a result of their exposure to the Reference Entity. However, if a Credit Event occurs with respect to the Reference Entity, the Notes will be redeemed in full prior to their Maturity Date and Noteholders will receive [a Cash Settlement Amount] [Deliverable Obligations]. The [amount of the Cash Settlement Amount will depend on the value of the Reference Obligation(s) on the [Initial] [Final] Valuation Date] [value of the Deliverable Obligations will depend on their market value at the time of delivery].</p> <p>If no Credit Event occurs, Noteholders will receive a Final Redemption Amount of [] on the Maturity Date.]</p> <p><i>[Insert if the Notes are First-to-Default Credit Linked Notes or Nth-to-default Credit Linked Notes:</i></p> <p>The Notes enables investors to receive an enhanced rate of interest as a result of their exposure to the Reference Entities. However, if a Credit Event occurs with respect to [any] [the [first] [second][third] []] Reference Entity, the Notes will be redeemed in full prior to their Maturity Date and Noteholders will receive [a Cash Settlement Amount] [Deliverable Obligations]. The [amount of the Cash Settlement Amount will depend on the value of the relevant Reference Obligation(s) on the Valuation Date] [value of the relevant Deliverable Obligations will depend on their market value at the time of delivery].</p> <p>If no Credit Event occurs, Noteholders will receive a Final Redemption Amount of [] on the Maturity Date.]</p> |

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| | | <p><i>[Insert if the Notes are Linear Basket Credit Linked Notes:</i></p> <p>The Notes enables investors to receive an enhanced rate of interest as a result of their exposure to the Reference Entities. However, if a Credit Event occurs with respect to a Reference Entity, the Notes will be redeemed in part prior to their Maturity Date and Noteholders will receive a [Cash Settlement Amount] [Deliverable Obligations] relating to the affected Reference Entity. The [amount of such Cash Settlement Amount will depend on the value of the Reference Obligation(s) on the Valuation Date] [value of such Deliverable Obligations will depend on their market value at the time of delivery].</p> <p>If no Credit Event occurs, Noteholders will receive a Final Redemption Amount of [] on the Maturity Date.]</p> |
| C.16 | Maturity Date | <p>Maturity Date</p> <p>The [Scheduled] Maturity Date of the Notes is [●], provided that such date may be extended in certain circumstances in the event that a Credit Event may have occurred on or prior to such date].</p> <p><i>[Insert if the Notes are Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes, Debt Linked Notes, Interest Rate Linked Notes and/or FX Linked Notes:</i></p> <p>Valuation Date</p> <p>The [Initial Valuation Date of the Notes is [●]] [and] [the] [Final Valuation Date[s] of the Notes [is] [are] [●], subject to certain adjustment provisions which will apply if [●] is not a scheduled trading day on which [(i) the entity responsible fails to publish the level or price of the [Reference Item] [Component],] [(ii) [(i) any relevant stock exchange fails to open for trading during its regular trading session or [(iii) [(ii) certain market disruption events have occurred.]</p> |
| C.17 | Settlement | <p><i>[Insert if the Notes are not Physical Delivery Notes:</i></p> <p>Payments of principal and interest in respect of Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and <i>provided that</i> the Receipts are presented for payment together with their relative Notes), Notes (in the case of all other payments of principal and, in the case of interest as specified in Base Condition 5(e)(vi)) or Coupons (in the case of interest, save as specified in Base Condition 5(e)(ii)), as the case may be, at the specified office of any Paying Agent.</p> <p>All payments in respect of a Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of such Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the relevant Issuer in respect of the Notes. For so long as the relevant Notes are represented by a Global Note, Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an “Accountholder”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note and shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.</p> <p><i>[Insert if the Notes are Physical Delivery Notes:</i></p> <p>Subject to payment of any Expenses with regard to the relevant Notes, the Issuer shall, on the Maturity Date, deliver the Entitlement for each Note in such commercially reasonable</p> |

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| | | <p>manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery in accordance with the details specified in a notice (the “Asset Transfer Notice”) provided by the relevant Noteholder.</p> <p>If due to an event beyond the control of the Issuer or, if applicable, the Guarantor, as a result of which, in the opinion of the Calculation Agent or, if applicable, the Guarantor, delivery of the Entitlement by or on behalf of the Issuer or the Guarantor, as the case may be, is not practicable, delivery may be postponed and the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Holder of the Disruption Cash Settlement Price.</p> <p>The “Disruption Cash Settlement Price” is an amount equal to the fair market value of such Notes (but not taking into account any interest accrued on such Note and paid pursuant to the Base Conditions) less the cost to the Issuer and/or its Affiliates or agents of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.</p> <p><i>[Include if Failure to Deliver due to Illiquidity is specified as applying in the applicable Final Terms:</i></p> <p>If in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Entitlement (the “Affected Relevant Assets”), where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a “Failure to Deliver due to Illiquidity”), then:</p> <ul style="list-style-type: none"> (i) any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated delivery date; and (ii) in respect of any Affected Relevant Assets, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Holder the Failure to Deliver Settlement Price. <p>The “Failure to Deliver Settlement Price” means the fair market value of the Affected Relevant Assets, less the cost to the Issuer and/or its Affiliates or agents of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.]</p> <p><i>[Insert if the Notes have an option to vary Settlement:</i></p> <p>The Issuer may at its sole and unfettered discretion in respect of each Note, elect not to pay the relevant holder the Final Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant holder, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Final Redemption Amount on the Maturity Date to the relevant Holder, as the case may be.]</p> |
| C.18 | Description of the return | <p><i>[Insert if the Notes are Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes, FX Linked Notes, Interest Rate Linked Notes and/or Debt Linked Notes and not Physical Delivery Notes:</i></p> <p>The return on each Note takes place by the payment by the Issuer [on the Interest Payment Date[s] of the Interest Amount] [and] [on the Maturity Date of the Final Redemption Amount to each Noteholder]. [The amount of the Interest Amount will depend on the value of the [Reference Item] [Components of the Basket comprising the Reference Item] [on the Final Interest Valuation Date] [over the Final Interest Valuation Dates].] [The amount of the Final Redemption Amount will depend on the [level] [value] of the [Reference Item] [on the Final Valuation Date] [over the Final Valuation Dates].] [The return on each Note will [also] depend on [the issue price] [and] [or] [the purchase price] of such Note.]</p> |

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| | | <p><i>[Insert if the Notes are Credit Linked Notes:</i></p> <p>The Final Redemption Amount is [] [the Calculation Amount of the Note], provided that no Credit Event has occurred. The return on each Note takes place by the payment by the Issuer on each Interest Payment Date of an enhanced rate of interest as a result of the exposure of Noteholders via the Notes to the Reference Entity or Entities.]</p> <p><i>[Insert if the Notes are Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes, FX Linked Notes, Interest Rate Linked Notes or Debt Linked Notes and Physical Delivery Notes:</i></p> <p>The return on the Notes takes place by the delivery by the Issuer on the Maturity Date of the Entitlement, subject to the payment of any Expenses, to each Noteholder. The value of the Entitlement will depend on its market value at the time of delivery.]</p> |
| C.19 | Final reference price | <p><i>[Insert if the Notes are Share Linked Notes:</i></p> <p><i>[Insert with respect to the Interest Amount, if “Structured Rate” is specified as being applicable and if the Notes are Share Linked Notes linked to a single share:</i></p> <p>With respect to [each Interest Period] [the Interest Period beginning on the Interest Payment Date falling on (but [including] [excluding]) [*] and ending on the Interest Payment Date falling on (but [including] [excluding]) [*]], the Interest Settlement Price is [the Final Share Price on the Final Interest Valuation Date] [the average of the Final Share Prices determined on each of the Final Interest Valuation Dates].</p> <p>The “Final Share Price” in respect of the Reference Item, is the price of one Share in the Share Currency quoted on the Exchange at the Valuation Time, as determined by the Calculation Agent.</p> <p><i>[Insert with respect to the Interest Amount, if “Structured Rate” is specified as being applicable and if the Notes are Share Linked Notes linked to a basket of shares:</i></p> <p>With respect to each Interest Period and each Share comprising the Basket, the Interest Settlement Price is the [the Final Share Price on the Final Interest Valuation Date] [the average of the Final Share Prices determined on each of the Final Interest Valuation Dates].</p> <p>The “Final Share Price”, in respect of each Share comprising the Basket, is the price of one such Share in the Share Currency quoted on the Exchange at the Valuation Time, as determined by the Calculation Agent.</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Share Linked Notes linked to a single share:</i></p> <p>The Settlement Price is [the Final Share Price on the Final Valuation Date] [the average of the Final Share Prices determined on each of the Final Valuation Dates].</p> <p>The “Final Share Price” in respect of the Reference Item, is the price of one [Share] in the Share Currency quoted on the Exchange at the Valuation Time, as determined by the Calculation Agent.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Share Linked Notes linked to a basket of shares:</i></p> <p>The Settlement Price in respect of each Share comprising the Basket is [the Final Share Price on the Final Valuation Date] [the average of the Final Share Prices determined on each of the Final Valuation Dates].</p> <p>The “Final Share Price”, in respect of each Share comprising the Basket, is the price of one such Share in the Share Currency quoted on the Exchange at the Valuation Time, as determined by the Calculation Agent.]</p> <p><i>[Insert if the Notes are Index Linked Notes:</i></p> <p><i>[Insert with respect to the Interest Amount, if “Structured Rate” is specified as being</i></p> |

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| | | <p><i>applicable and if the Notes are Index Linked Notes linked to a single index:</i></p> <p>With respect to [each Interest Period] [the Interest Period beginning on the Interest Payment Date falling on (but [including] [excluding]) [*] and ending on the Interest Payment Date falling on (but [including] [excluding]) [*]], the Interest Settlement Price is [the Final Index Level on the Final Interest Valuation Date] [the average of the Final Index Levels on each of the Final Interest Valuation Dates], as calculated and published by the Index Sponsor.</p> <p>The “Final Index Level” in respect of the Reference Item, is the level of the Index at the Valuation Time on relevant date, as calculated and published by the Index Sponsor.]</p> <p><i>[Insert with respect to the Interest Amount, if “Structured Rate” is specified as being applicable and if the Notes are Index Linked Notes linked to a basket of indices:</i></p> <p>With respect to each Interest Period and each Index comprising the Basket, the Interest Settlement Price is [the Final Index Level on the Final Interest Valuation Date] [the average of the Final Index Levels determined on each of the Final Interest Valuation Dates].</p> <p>The “Final Index Level”, in respect of each Index comprising the Basket, is the level of the Index at the Valuation Time on the relevant date, as calculated and published by the Index Sponsor.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Index Linked Notes linked to a single index:</i></p> <p>The Settlement Price is [the Final Index Level on the Final Valuation Date] [the average of the Final Index Levels determined on each of the Final Valuation Dates].</p> <p>The “Final Index Level” in respect of the Reference Item, is the level of the Index at the Valuation Time, as calculated and published by the Index Sponsor.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Index Linked Notes linked to a basket of indices:</i></p> <p>The Settlement Price in respect of each Index comprising the Basket is [the Final Index Level on the Final Interest Valuation Date] [the average of the Final Index Levels determined on each of the Final Valuation Dates].</p> <p>The “Final Index Level”, in respect of each Index comprising the Basket, is the level of the Index at the Valuation Time on the relevant date, as calculated and published by the Index Sponsor.]</p> <p><i>[Insert if the Notes are Fund Linked Notes:</i></p> <p><i>[Insert with respect to the Interest Amount if the Notes are Fund Linked Notes linked to a single fund and if “Structured Rate” is specified as being applicable:</i></p> <p>With respect to [each Interest Period] [the Interest Period beginning on the Interest Payment Date falling on (but [including] [excluding]) [*] and ending on the Interest Payment Date falling on (but [including] [excluding]) [*]], the Interest Settlement Price is the Final Price.</p> <p>The “Final Price” in respect of the Reference Item, is [[<i>Insert if Single Price is specified as the Final Price: the Interest Price on the Final Interest Valuation Date</i>] [<i>Insert if Average Price is specified as the Final Price: the average of the Interest Prices determined on each of the Final Interest Valuation Dates.</i>]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Fund Linked Notes linked to a single fund:</i></p> <p>The Settlement Price is the Final Price.</p> <p>The “Final Price” in respect of the Reference Item, is [[<i>Insert if Single Price is specified as the Final Price: the Interest Price on the Final Valuation Date</i>] [<i>Insert if Average Price is specified as the Final Price: the average of the Interest Prices determined on each of the Final</i></p> |
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| | | <p>Valuation Dates].]</p> <p><i>[Insert with respect to the Interest Amount if the Notes are Fund Linked Notes linked to a basket of funds, if Notional Fund Price is not applicable and if “Structured Rate” is specified as being applicable:</i></p> <p>The Interest Settlement Price in respect of each Fund comprising the Basket is the Final Price.</p> <p>The “Final Price” in respect of each Fund comprising the Basket, is <i>[[Insert if Single Price is specified as the Final Price: the Interest Price on the Final Interest Valuation Date] [Insert if Average Price is specified as the Final Price: the average of the Interest Prices determined on each of the Final Interest Valuation Dates].]</i></p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Fund Linked Notes linked to a basket of funds and if Notional Fund Price is not applicable:</i></p> <p>The Settlement Price in respect of each Fund comprising the Basket is the Final Price.</p> <p>The “Final Price” in respect of each Fund comprising the Basket, is <i>[[Insert if Single Price is specified as the Final Price: the Interest Price on the Final Valuation Date] [Insert if Average Price is specified as the Final Price: the average of the Interest Prices determined on each of the Final Valuation Dates].]</i></p> <p><i>[Insert with respect to the Interest Amount if the Notes are Fund Linked Notes linked to a basket of funds, if Notional Fund Price is applicable and if “Structured Rate” is specified as being applicable:</i></p> <p>The Interest Settlement Price is the Final Basket Portfolio Interest Price.</p> <p>The “Final Basket Portfolio Interest Price” is <i>[[Insert if Single Price is specified as the Final Price: the Basket Portfolio Interest Price on the Final Interest Valuation Date] [Insert if Average Price is specified as the Final Price: the average of the Basket Portfolio Interest Prices determined on each of the Final Interest Valuation Dates].]</i></p> <p>The “Basket Portfolio Interest Price” is the value of a notional interest in the relevant notional basket portfolio (the “Basket Portfolio”) comprising a notional investment in a basket of Funds.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Fund Linked Notes linked to a basket of funds and if Notional Fund Price is applicable:</i></p> <p>The Settlement Price is the Final Basket Portfolio Interest Price.</p> <p>The “Final Basket Portfolio Interest Price” is <i>[[Insert if Single Price is specified as the Final Price: the Basket Portfolio Interest Price on the Final Valuation Date] [Insert if Average Price is specified as the Final Price: the average of the Basket Portfolio Interest Prices determined on each of the Final Valuation Dates].]</i></p> <p>The “Basket Portfolio Interest Price” is the value of a notional interest in the relevant notional basket portfolio (the “Basket Portfolio”) comprising a notional investment in a basket of Funds.]</p> <p><i>[Insert with respect to the Interest Amount if the Notes are Inflation Linked Notes and if “Structured Rate” is specified as being applicable:</i></p> <p>With respect to [each Interest Period] [the Interest Period beginning on the Interest Payment Date falling on (but [including] [excluding]) [*] and ending on the Interest Payment Date falling on (but [including] [excluding]) [*]], the Interest Settlement Price is [the Final Index Level on the Final Interest Valuation Date] [the average of the Final Index Levels determined on each of the Final Interest Valuation Dates].</p> <p>The “Final Index Level” in respect of the Reference Item, is the level of the Index at the Valuation Time [for the month falling [] months preceding the []], as calculated and</p> |
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| | <p>published by the Index Sponsor.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Inflation Linked Notes:</i></p> <p>The Settlement Price is [the Final Index Level on the Final Valuation Date] [the average of the Final Index Levels determined on each of the Final Valuation Dates].</p> <p>The “Final Index Level” in respect of the Reference Item, is the level of the Index at the Valuation Time, as calculated and published by the Index Sponsor.]</p> <p><i>[Insert if the Notes are Commodity Linked Notes:</i></p> <p><i>[Insert with respect to the Interest Amount if the Notes are Commodity Linked Notes linked to a single commodity and if “Structured Rate” is specified as being applicable:</i></p> <p>With respect to [each Interest Period] [the Interest Period beginning on the Interest Payment Date falling on (but [including] [excluding]) [*] and ending on the Interest Payment Date falling on (but [including] [excluding]) [*]], the Interest Settlement Price is [the Commodity Reference Price on the Final Interest Valuation Date] [the average of the Commodity Reference Prices determined on each of the Final Interest Valuation Dates].</p> <p>The “Commodity Reference Price” in respect of the Reference Item, is the Specified Price of the [Commodity] quoted on the [Exchange] [Price Source], as determined by the Calculation Agent.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Commodity Linked Notes linked to a single commodity:</i></p> <p>The Settlement Price is [the Commodity Reference Price on the Final Valuation Date] [the average of the Commodity Reference Prices determined on each of the Final Interest Valuation Dates].</p> <p>The “Commodity Reference Price” in respect of the Reference Item, is the Specified Price of the [Commodity] quoted on the [Exchange] [Price Source], as determined by the Calculation Agent.]</p> <p><i>[Insert with respect to the Interest Amount if the Notes are Commodity Linked Notes linked to a basket of commodities and if “Structured Rate” is specified as being applicable:</i></p> <p>The Interest Settlement Price in respect of each Commodity comprising the Basket is [the relevant Commodity Reference Price on the Final Interest Valuation Date] [the average of the relevant Commodity Reference Prices determined on each of the Final Interest Valuation Dates].</p> <p>The “Commodity Reference Price” in respect of each Commodity comprising the Basket, is the Specified Price of the Commodity quoted on the [Exchange] [Price Source], as determined by the Calculation Agent.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Commodity Linked Notes linked to a basket of commodities:</i></p> <p>The Settlement Price in respect of each Commodity comprising the Basket is [the relevant Commodity Reference Price on the Final Valuation Date] [the average of the relevant Commodity Reference Prices determined on each of the Final Interest Valuation Dates].</p> <p>The “Commodity Reference Price” in respect of each Commodity comprising the Basket, is the Specified Price of the Commodity quoted on the [Exchange] [Price Source], as determined by the Calculation Agent.]</p> <p><i>[Insert with respect to the Interest Amount if the Notes are FX Linked Notes and if “Structured Rate” is specified as being applicable:</i></p> <p>With respect to [each Interest Period] [the Interest Period beginning on the Interest Payment Date falling on (but [including] [excluding]) [*] and ending on the Interest Payment Date</p> |
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| | <p>falling on (but [including] [excluding]) [*]], the Interest Settlement Price is [the Currency Price on the Final Interest Valuation Date] [the average of the Currency Prices determined on each of the Final Interest Valuation Dates].</p> <p>The “Currency Price”, in respect of each Subject Currency, is an amount equal to the spot rate of exchange appearing on the FX Price Source at the Valuation Time for the exchange of the relevant Subject Currency into the Base Currency.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are FX Linked Notes:</i></p> <p>The Settlement Price is [the Currency Price on the Final Valuation Date] [the average of the Currency Prices determined on each of the Final Valuation Dates].</p> <p>The “Currency Price”, in respect of each Subject Currency, is an amount equal to the spot rate of exchange appearing on the FX Price Source at the Valuation Time for the exchange of the relevant Subject Currency into the Base Currency.</p> <p><i>[Insert if the Notes are Debt Linked Notes:</i></p> <p><i>[Insert with respect to the Interest Amount if the Notes are Debt Linked Notes linked to a single debt instrument and if “Structured Rate” is specified as being applicable:</i></p> <p>With respect to [each Interest Period] [the Interest Period beginning on the Interest Payment Date falling on (but [including] [excluding]) [*] and ending on the Interest Payment Date falling on (but [including] [excluding]) [*]], the Interest Settlement Price is [the Final Bid Price on the Final Interest Valuation Date] [the average of the Final Bid Prices determined on each of the Final Interest Valuation Dates].</p> <p>The “Final Bid Price” in respect of the Reference Item is the bid price of the Debt Instrument [including] [excluding] accrued but unpaid interest, appearing on the Price Source, as determined by the Calculation Agent.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Debt Linked Notes linked to a single debt instrument:</i></p> <p>The Settlement Price is [the Final Bid Price on the Final Valuation Date] [the average of the Final Bid Prices determined on each of on Final Valuation Dates].</p> <p>The “Final Bid Price” in respect of the Reference Item is the bid price of the Debt Instrument [including] [excluding] accrued but unpaid interest, appearing on the Price Source, as determined by the Calculation Agent.</p> <p><i>[Insert with respect to the Interest Amount if the Notes are Debt Linked Notes linked to a basket of debt instruments and if “Structured Rate” is specified as being applicable:</i></p> <p>The Interest Settlement Price in respect of each Debt Instrument comprising the Basket is [the Final Bid Price on the Final Interest Valuation Date] [the average of the Final Bid Prices determined on each of the Final Interest Valuation Dates] [as received by the Calculation Agent from two or more market-makers].</p> <p>The “Final Bid Price” in respect of the Reference Item is the bid price of the Debt Instrument [including] [excluding] accrued but unpaid interest, appearing on the Price Source, as determined by the Calculation Agent.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Debt Linked Notes linked to a basket of debt instruments:</i></p> <p>The Settlement Price in respect of each Debt Instrument comprising the Basket is [the Final Bid Price on the Final Valuation Date] [the average of the Final Bid Prices determined on each of the Final Valuation Dates] [as received by the Calculation Agent from two or more market-makers].</p> <p>The “Final Bid Price” in respect of the Reference Item is the bid price of the Debt Instrument [including] [excluding] accrued but unpaid interest, appearing on the Price</p> |
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| | | <p>Source, as determined by the Calculation Agent.]</p> <p><i>[Insert if the Notes are Interest Rate Linked Notes:</i></p> <p><i>[Insert with respect to the Interest Amount if the Notes are Interest Rate Linked Notes linked to a single interest rate and if “Structured Rate” is specified as being applicable:</i></p> <p>With respect to [each Interest Period] [the Interest Period beginning on the Interest Payment Date falling on (but [including] [excluding]) [*] and ending on the Interest Payment Date falling on (but [including] [excluding]) [*]], the Interest Settlement Price is [the Underlying Interest Rate on the Final Interest Valuation Date] [the average of the Underlying Interest Rates determined on each of the Final Interest Valuation Dates].</p> <p>The “Underlying Interest Rate” in respect of the Reference Item is the value of bid price of the Underlying Reference Rate [[plus] [minus] the Underlying Margin], as determined by the Calculation Agent.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Interest Rate Linked Notes linked to a single interest rate:</i></p> <p>The Settlement Price is [the Underlying Interest Rate on the Final Interest Valuation Date] [the average of the Underlying Interest Rates determined on each of the Final Interest Valuation Dates].</p> <p>The “Underlying Interest Rate” in respect of the Reference Item is the value of the Underlying Reference Rate [[plus] [minus] the Underlying Margin], as determined by the Calculation Agent.]</p> <p><i>[Insert with respect to the Interest Amount if the Notes are Interest Rate Linked Notes linked to a basket of interest rates and if “Structured Rate” is specified as being applicable:</i></p> <p>The Interest Settlement Price in respect of each Underlying Reference Rate comprising the Basket is [the Underlying Interest Rate on the Final Interest Valuation Date] [the average of the Underlying Interest Rates determined on each of the Final Interest Valuation Dates].</p> <p>The “Underlying Interest Rate” in respect of the Reference Item is the value of the Underlying Reference Rate [[plus] [minus] the Underlying Margin], as determined by the Calculation Agent.]</p> <p><i>[Insert with respect to the Final Redemption Amount if the Notes are Interest Rate Linked Notes linked to a basket of interest rates:</i></p> <p>The Settlement Price in respect of each Underlying Reference Rate comprising the Basket is [the Underlying Interest Rate on the Final Interest Valuation Date] [the average of the Underlying Interest Rates determined on each of the Final Interest Valuation Dates].</p> <p>The “Underlying Interest Rate” in respect of the Reference Item is the value of the Underlying Reference Rate [[plus] [minus] the Underlying Margin], as determined by the Calculation Agent.]</p> <p>[Not Applicable]</p> | | | | | | | | | | | | | | | |
| C.20 | Description of the type of underlying | <table border="1"> <tr> <td>Type:</td> <td>[●][for the Interest Period [*]]</td> </tr> <tr> <td>Reference Item [for the Interest Period [*]]:</td> <td>[●]</td> </tr> <tr> <td>[Reference Item for the Interest Period [*]]:</td> <td>[●]</td> </tr> <tr> <td>[Component:</td> <td>[●]</td> </tr> <tr> <td>[Component Weight(s):</td> <td>[●]</td> </tr> <tr> <td>[Reference Entity] [ies] [and Related Nominal Amount]:</td> <td>[●]</td> </tr> <tr> <td>[Reference Obligation(s):</td> <td>[●]</td> </tr> </table> | Type: | [●][for the Interest Period [*]] | Reference Item [for the Interest Period [*]]: | [●] | [Reference Item for the Interest Period [*]]: | [●] | [Component: | [●] | [Component Weight(s): | [●] | [Reference Entity] [ies] [and Related Nominal Amount]: | [●] | [Reference Obligation(s): | [●] | |
| Type: | [●][for the Interest Period [*]] | | | | | | | | | | | | | | | | |
| Reference Item [for the Interest Period [*]]: | [●] | | | | | | | | | | | | | | | | |
| [Reference Item for the Interest Period [*]]: | [●] | | | | | | | | | | | | | | | | |
| [Component: | [●] | | | | | | | | | | | | | | | | |
| [Component Weight(s): | [●] | | | | | | | | | | | | | | | | |
| [Reference Entity] [ies] [and Related Nominal Amount]: | [●] | | | | | | | | | | | | | | | | |
| [Reference Obligation(s): | [●] | | | | | | | | | | | | | | | | |

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| | | [Deliverable Obligation(s): | [●] |
| | | [Credit Events: | [●] |
| | | [Initial Reference Level: | [●] |
| | | [Entitlement: | [●] |
| | | [Entitlement Units: | [●] |
| | | [Entitlement Multiplier: | [●] |
| | | [Issuer][Sponsor]: | [●] |
| | | [Price Source: | [●] |
| | | [ISIN: | [●] |
| | | <i>[specify the above information for each Reference Item]</i> | |
| | | [Information on the historical and ongoing performance of the Reference Item [[*]] [and [its] [their relevant] volatility] can be obtained [on the public website [●] and] on the [Bloomberg] [Reuters] page [●] [and at the offices of the Issuer at [Piazzetta E. Cuccia, 1, 20121 Milan, Italy] [4, Boulevard Joseph II, L-1840 Luxembourg, Luxembourg].] | |

Section D — Risks

| Element | Description of Element | Disclosure requirement |
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| D.2 | Key risks specific to the Issuer | <p>There are certain factors that may affect each Issuer's ability to fulfil its obligations under Notes issued under the Programme. These include the following risk factors related to the Mediobanca Group, its operations and its industry:</p> <ul style="list-style-type: none"> (i) The general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and regulation, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank, and competitive factors can change the level of demand for the relevant Issuer's products and services, the credit quality of borrowers and counterparties, the interest rate margin of the Issuers between lending and borrowing costs and the value of each of the relevant Issuer's investment and trading portfolios. (ii) The European sovereign debt crisis may adversely affect the Issuer's results of operations, business and financial conditions. (iii) The Mediobanca Group has exposure to Eurozone sovereign debt. (iv) Fluctuations in interest and exchange rates may affect each Issuer's results. (v) The Issuer's financial results may be affected by general economic, financial and other business conditions. (vi) The credit and capital markets have been experiencing extreme volatility and disruption in recent months. (vii) Each of the Issuer's investment banking revenues, in the form of financial advisory and debt and equity underwriting fees, are directly related to the number and size of the transactions in which the relevant Issuer participates and may be impacted by continued or further credit market dislocations or sustained market downturns . (viii) In some of the businesses of each relevant Issuer, protracted adverse market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. (ix) In recent months, international and domestic markets experienced extreme volatility and disruption. If extreme volatility and disruption continue in the |

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| | | <p>future, the Issuers' liquidity can be adversely affected.</p> <p>(x) If the Issuer is unable to continue to respond to the competitive environment in Italy with attractive product and service offerings that are profitable for the Issuers, it may lose market share in important areas of its business or incur losses on some or all of its activities.</p> <p>(xi) If existing or potential customers believe that the Issuer' risk management policies and procedures are inadequate, the Issuer's reputation, and to a certain extent its revenues and profits, may be negatively affected.</p> <p>(xii) Each of the Issuers, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty computer or telecommunication systems.</p> <p>(xiii) Systemic risk could adversely affect the businesses of the Issuer.</p> <p>(xiv) The investors should note that the portfolio of the Issuer contains so-called "over-the-counter" (OTC) derivatives. If the financial condition of market counterparties or their perceived creditworthiness deteriorates further, the Mediobanca Group may record further credit valuation adjustments on the underlying instruments insured by such parties.</p> <p>(xv) A downgrade of Mediobanca's rating may limit Mediobanca's opportunities to extend mortgage loans and may have a particularly adverse effect on Mediobanca's image as a participant in the capital markets, as well as in the eyes of its clients.</p> <p>(xvi) Changes in the Italian and European regulatory framework could adversely affect the Issuer's business.</p> <p>(xvii) Each of the Issuers may be subject to increased capital requirements.</p> <p>(xviii) The price or value of a Noteholder's investment in Notes and/or the ability of Mediobanca to satisfy its obligations under the Notes may be affected by the finalization and implementation of the Crisis Management Directive.</p> <p>(xix) Each of the Issuers may be forced by the EBA to adopt measures aimed at bridging a capital gap indicated by the stress test in case the stress tests show that the bank does not meet the requested capital requirements.</p> |
| D.3 | Key risks specific to the securities | <p>In addition, there are certain factors which are material for the purpose of assessing the risks related to Notes issued under the Programme. The Notes may not be suitable for all investors. A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. These include the following:</p> <p><i>General</i></p> <p>(i) The Notes may not be a suitable investment for all investors.</p> <p>(ii) An investment in the Notes, which are linked to the Reference Items, may entail significant risks not associated with investments in conventional securities such as debt or equity securities.</p> <p><i>Risk related to the structure of a particular Issue of Notes</i></p> <p>(i) The Notes involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a partial or total loss of the purchase price of their Notes.</p> <p>(ii) Certain risk factors related to Notes referencing a Reference Item, including that the</p> |

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| | | <p>market price of the Notes may be volatile; that investors may receive no interest; that investors may lose all or a substantial portion of their principal in case of non-capital guaranteed Notes; that the Reference Items may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other securities or indices; that the timing of changes in a Reference Item may affect the actual yield to investors, even if the average level is consistent with their expectations; that with respect to Share Linked Notes, if the Notes are redeemable either by payment of the principal amount or by delivery of the underlying shares in lieu thereof, there is no assurance that the value of the shares received will not be less than the principal amount of the Notes; and Notes are of limited maturity and, unlike direct investments in a share, index, fund, security, inflation index, commodity or other asset, investors are not able to hold Notes beyond the Maturity Date in the expectation of a recovery in the price of the underlying.</p> <p>(iii) Risks relating to the performance of a basket and its components and certain considerations associated with Notes providing for the application of a component weight.</p> <p>(iv) Certain Considerations Associated with Share Linked Notes Relating to Shares (or Baskets of Shares).</p> <p>(v) Certain considerations relating to Index Linked Notes, including that returns on the Notes do not reflect a direct investment in underlying shares or other assets comprising the Index, a change in the composition or discontinuance of an Index could adversely affect the market value of the Notes, the investor will have an exposure to certain events occurring with respect to the Index and the additional risks in relation to Commodity Indices.</p> <p>(vi) Certain considerations associated with Fund Linked Notes relating to funds (or baskets of funds), including that a fund may be subject to events which may adversely impact the value of Fund Linked Notes, the risk from composition and changes to a fund, funds may be subject to transfer restrictions and illiquidity, events which affect the value of a fund will affect the value of Fund Linked Notes, as the shares of certain funds may only be redeemable on certain dates, there is a risk of delays or defaults in payment.</p> <p>(vii) Certain considerations associated with Credit Linked Notes, including that Investors should note that Credit Linked Notes differ from ordinary debt securities issued by the Issuer in that the amount of principal and interest payable by the Issuer is dependent on whether a Credit Event has occurred in respect of the relevant Reference Entity/ies, investors in Credit Linked Notes will be exposed to the credit risk of the Reference Entity, holders of Credit Linked Notes will have a contractual relationship only with the Issuer and not with any obligor in respect of any Reference Obligation or any Reference Entity, any quotations used in the calculation of the Cash Settlement Amount may be affected by factors other than the occurrence of the Credit Event, some Reference Obligations may have no, or only a limited, trading market, the terms and conditions of Credit Linked Notes do not incorporate by reference the definitions and provisions of the 2003 ISDA Credit Derivatives Definitions (the “Credit Derivatives Definitions”) and there may be differences between the definitions used with respect to Credit Linked Notes and the Credit Derivatives Definitions.</p> <p>(viii) Certain considerations associated with Inflation Linked Notes, including that a relevant consumer price index or other formula linked to a measure of inflation to which the Notes are linked may be subject to significant and unforeseeable fluctuations that may not correlate with general changes in interest rates, currencies or other indices, the timing of of changes in the relevant consumer price index or other formula linked to a</p> |
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| | | <p>measure of inflation to which the Notes are linked may affect the amount that investors in Inflation Linked Notes receive and such consumer price index or other formula may not correlate perfectly with the rate of inflation experienced by holders of the relevant Inflation Linked Notes in such jurisdiction and events which affect the consumer price index or other formula will affect the value of Fund Linked Notes.</p> <p>(ix) Certain considerations associated with Commodity Linked Notes that are linked to commodity futures contracts or commodity indices, including Ownership of the Notes will not entitle an investor to any rights with respect to any futures contracts or commodities included in or tracked by the Reference Item(s), factors affecting the performance of commodities may adversely affect the value of the relevant Commodity Linked Notes; commodity prices may be more volatile than other asset classes, commodities may reference physical commodities or commodity contracts, and certain commodity contracts may be traded on unregulated or “under-regulated” exchange, Commodity Linked Notes which are linked to commodity futures contracts may provide a different return from Commodity Linked Notes linked to the relevant physical commodity and will have certain other risks, additional risks in relation to the “rolling” of commodity futures contracts (including commodity futures contracts which are components of a commodity index, legal and regulatory changes relating to the commodities may lead to an early redemption.</p> <p>(x) Certain considerations associated with Debt Linked Notes.</p> <p>(xi) Certain considerations associated with FX Linked Notes.</p> <p>(xii) Certain considerations associated with Interest Rate Linked Notes.</p> <p>(xiii) Risks relating to Notes which are linked to emerging market Reference Item(s).</p> <p>(xiv) Certain considerations associated with Notes providing for the application of a cap to the Reference Item(s).</p> <p>(xv) Notes with inverse floating rates can be volatile investments.</p> <p>(xvi) If specified in the Final Terms that a Multiplier or Reference Rate Multiplier applies in respect of the determination of the Interest Rate, any fluctuation of the underlying floating rate will be amplified by such multiplier. This may adversely affect the return on the Notes.</p> <p>(xvii) Potential investors should also consider that, with respect to the Notes bearing interest also at a Floating Rate, where the underlying interest rate does not rise above the level of the Minimum Interest Rate, comparable investments in notes which pay interest based on a fixed rate which is higher than the Minimum Interest Rate are likely to be more attractive to potential investors than an investment in the Notes. Under those conditions, investors in the Notes might find it difficult to sell their Notes on the secondary market (if any) or might only be able to realise the Notes at a price which may be substantially lower than the nominal amount. To the extent a Maximum Interest Rate applies, investors should be aware that the Interest Rate is capped at such Maximum Interest Rate level. Consequently, investors may not participate in any increase of market interest rates, which may also negatively affect the market value of the Notes.</p> <p>(xviii) If specified in the Final Terms, to the extent that the Issuer is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or on behalf of the Republic of Italy or the Grand Duchy of Luxembourg, as appropriate, the Issuer will not be under an obligation to pay any additional amounts to Noteholders.</p> <p>(xix) An optional redemption feature of Notes is likely to limit their market value.</p> <p>(xx) In the event that the Issuer would be obliged to increase the amounts payable in respect</p> |
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| | | <p>of any Notes due to any withholding or deduction, the Issuer may redeem all outstanding Notes in accordance with the Conditions, unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise.</p> <p><i>Risk Factors related to the Notes generally:</i></p> <ul style="list-style-type: none"> (i) The Final Redemption Amount (in the case of Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes, FX Linked Notes, Interest Rate Linked Notes or Debt Linked Notes that are not Physical Delivery Notes) or the value of the Entitlement (in the case of Physical Delivery Notes) at any time prior to maturity is typically expected to be less than the trading price of such Notes at that time. The difference between the trading price and the Cash Settlement Amount or the value of the Entitlement, as the case may be, will reflect, among other things, a "time value" for the Notes. (ii) Prospective investors intending to purchase Notes to hedge against the market risk associated with investing in the Reference Item should recognise the complexities of utilising Notes in this manner. (iii) If it is specified in the Final Terms that English law is applicable to the Notes, the Notes are governed by, and shall be construed in accordance with, English law. If it is specified in the Final Terms that Italian law is applicable to the Notes, the Notes are governed by, and shall be construed in accordance with, Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Italian law or administrative practice after the date of this Base Prospectus. (iv) Unless otherwise provided in the Final Terms, "Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking, société anonyme, Luxembourg ("Clearstream, Luxembourg") will maintain records of the beneficial interests in the Global Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. (v) The Issuers and the Guarantor may, without the consent of Noteholders, correct (i) any manifest error in the Terms and Conditions of the Notes and/or in the Final Terms; (ii) any error of a formal, minor or technical nature in the Terms and Conditions of the Notes and/or in the Final Terms or (iii) any inconsistency in the Terms and Conditions of the Notes and/or in the Final Terms between the Terms and Conditions of the Notes and/or the Final Terms and any other documents prepared in connection with the issue and/or offer of a Series of Notes (provided such correction is not materially prejudicial to the holders of the relevant Series of Notes). (vi) Potential conflicts of interest may exist between Dealers, which may underwrite the Notes issued under the Programme and receive in consideration underwriting commissions and selling concessions, or Mediobanca, which may act as market maker or specialist or perform other similar roles in connection with the notes, on the one hand, and investors in the Notes on the other. (vii) The Notes may be issued and withheld by the Issuer for the progressive sale on the market in accordance with investors' demand. In this context an investor who acquires the Notes does not know at the moment of purchase how much of the issued Notes effectively are publicly traded, with the consequence that the amount in circulation could be meagre and may not guarantee successively adequate liquidity in the Notes. (viii) In the event the Issuer decides to issue further Notes having the same terms and conditions as an already existing Series of Notes (or in all respects except for the Issue Price, the Issue Date and/or the first payment of interest) and so that the further Notes shall be consolidated and form a single series with the original Notes, the greater |
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| | | <p>nominal amount in circulation could lead to greater liquidity in the secondary market with a consequent negative impact on the price of the relevant Series of the Notes.</p> <p>(ix) Certain risks relating to Physical Delivery Notes, including that a holder of Notes must pay all Expenses relating to such Notes; the risks associated with physical delivery requirements and settlement risk and the Issuer may have an option to vary settlement.</p> <p>(x) If applicable, the amount that holders may receive in certain circumstances will be adjusted upwards or downwards to reflect the costs of unwinding any associated hedging transactions relating to the Notes.</p> <p>(xi) Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State of the European Economic Area is required to provide to the tax authorities of another Member State of the European Economic Area details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person in favour of, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments deducting tax at rates of 35%.</p> <p>(xii) The Issuer, the Guarantor and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued or materially modified on or after six months after the date of publication of the final regulations that define “foreign passthru payments” and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code or similar law implementing an intergovernmental approach to FATCA. On 10 January 2014 the Italian Government entered into an Intergovernmental Agreement (the “IGA”) with the U.S.A. Government relating to the implementation of FATCA. At the date hereof, the Italian Parliament has not yet implemented the IGA into Italian law. Once implemented, the IGA will have retroactive effect from 1 July 2014. According to the IGA, different rules than those described above may apply.</p> <p>On March 28, 2014 Luxembourg concluded an intergovernmental agreement to "Improve International Tax Compliance and with respect to the United States Information and Reporting Provisions Commonly Known as the Foreign Account Tax Compliance Act" (the "Luxembourg IGA"). Under the Luxembourg IGA, the United States and the Luxembourg have agreed to implement FATCA through domestic reporting duties for financial institutions, an automatic exchange of account information between the public authorities of the two countries and on the basis of existing bilateral tax treaties. The Luxembourg Parliament must ratify the IGA under Luxembourg law before it enters into force.</p> <p><i>Risk Factors relating to the market generally:</i></p> <p>(i) Notes may have no established trading market when issued, and one may never develop. The Issuer has not any obligation to purchase the Notes from the Noteholders. However, should the Issuer decide to purchase the Notes, the secondary market pricing that the Issuer may provide on the Notes may reflect the unwinding cost of the hedging portfolio (if any).</p> <p>(ii) The Issuer will pay principal and interest on the Notes in the Relevant Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Relevant</p> |
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| | | <p>Currency.</p> <p>(iii) One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.</p> <p>(iv) The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers.</p> <p>(v) Implicit fees (e.g. placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Notes, but such fees will not be taken into account for the purposes of determining the price of the relevant Notes in the secondary market.</p> <p>(vi) If Notes are distributed by means of a public offer, under certain circumstances indicated in the Final Terms, the Issuer and/or other entities specified in the Final Terms may have the right to withdraw the offer, which in such circumstances will be deemed to be null and void according to the terms indicated in the Final Terms.</p> <p>(vii) It is not possible to predict the price at which Notes will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list or admit Notes to trading on a stock exchange or market. The Issuer, or any of its Affiliates may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private agreement.</p> <p>(ix) In respect of Notes which are (in accordance with the applicable Final Terms) to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing, provided that if it becomes impracticable or unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to de-list the relevant Notes, although in this case it will use all reasonable endeavours to obtain and maintain (as soon as reasonably practicable after the relevant de-listing) an alternative equivalent admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide.</p> <p>For the risk factors relating to the Guarantor see item D.2 above.</p> |
| D.6 | Risk warning | <p>Please see item D.3 for a description of the risk factors relating to the Notes.</p> <p>Investors should be aware that where no minimum amount(s) of cash or assets to be payable or deliverable is specified, they may experience a total or partial loss of their investment in the Notes.</p> |

Section E — Offer

| Element | Description of Element | Disclosure requirement |
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| E.2b | Reasons for the offer and use of proceeds | The net proceeds of the issue of each Tranche of Notes will be used for the general corporate purposes of the relevant Issuer. |
| E.3 | Terms and conditions of the offer | <p>[The offer to invest in the Notes is made from [●] to [●]. [The maximum and minimum amount of application is [●] and [●], respectively.] Payments by investors in respect of the purchase of the Notes shall be made by [●]. The results of the offer will be published in [●] on [●].] [The Global Notes will be delivered to the relevant clearing system no later than on the Issue Date.]</p> <p>[Not Applicable.]</p> |
| E.4 | Material | [Not applicable. There are no material interests with respect to the issue and/or offer of Notes] |

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| | interests in the offer | (including any conflicting interests).] [The following constitute material interests with respect to the issue and/or offer of Notes: [●].] |
| E.7 | Estimated expenses charged to the investors | [Not Applicable - No expenses will be specifically charged to the investors who purchase Notes by the Issuer.][A [●] fee of [●] shall be payable by the investors who purchase Notes to [●].] [●] |

RISK FACTORS

The Issuers and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme and the Guarantee. Most of these factors are contingencies which may or may not occur and the Issuers and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuers and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers and the Guarantor to pay interest, principal or other amounts on or in connection with any Notes or the Guarantee may occur for other reasons which may not be considered significant risks by the Issuers and the Guarantor based on information currently available to them or which they may not currently be able to anticipate.

The purchase of Notes involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in this Base Prospectus and as supplemented from time to time.

No person has been authorised to give any information or make any representation not contained in or not consistent with the Base Prospectus and/or the Final Terms, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Dealer.

By investing in the Notes each investor represents that:

- (a) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer or the Dealers as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer or the Dealers shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.*
- (b) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.*
- (c) Status of Parties. Neither the Issuer nor the Dealers is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.*

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision.

Prospective investors should also read the risk factors relating to Mediobanca set out in the English translation of the Mediobanca Registration Document (as defined below) which is incorporated by reference to this Base Prospectus as indicated in “Documents Incorporated by Reference” below.

Words and expressions defined in “General Form of Final Terms” and “Base Terms and Conditions of the Notes” in Chapter 2 and in the Specific Conditions and relevant Forms of Product Terms in Chapters 3 to 12 or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus. In this section, “Issuer” refers to Mediobanca and/or to Mediobanca International as appropriate.

1) Risks relating to the Issuers, the Guarantor and the Mediobanca Group

Factors that may affect the Issuers' and the Guarantor's ability to fulfil their obligations under Notes issued under the Programme.

Prospective investors should also read the risk factors relating to Mediobanca set out in the English translation of the Mediobanca Registration Document (as defined below) which is incorporated by reference to this Base Prospectus as indicated in “Documents Incorporated by Reference” below.

(A) *The Issuer's financial results may be affected by events which are difficult to anticipate*

The Issuer's earning and business are affected by general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and regulation, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank, and competitive factors, in each case on a regional, national and international level. Each of these factors can change the level of demand for the Issuer's products and services, the credit quality of borrowers and counterparties, the interest rate margin of the Issuer between lending and borrowing costs and the value of the Issuer's investment and trading portfolios.

(B) *Risks arising from the Eurozone sovereign debt crisis*

The continued deterioration of the merit of credit of various countries, including, among others, Greece, Ireland and Portugal, together with the potential for contagion to spread to other countries in Europe, mainly Spain and Italy, has exacerbated the severity of the global financial crisis. Such developments have posed a significant risk to the stability and status quo of the European Monetary Union.

In particular, financial market conditions have remained challenging and, in certain respects, have deteriorated. In addition, the continued concern about sovereign credit risks in the Euro-zone and Italy in particular has progressively intensified, and International Monetary Fund and European Union financial support packages have been agreed for Greece, Ireland and Portugal.

Credit quality has generally declined, as reflected by the downgrades suffered by several countries in the Euro-zone, including Italy, since the start of the sovereign debt crisis. The large sovereign debts

and/or fiscal deficits in certain European countries, including Italy, have raised concerns regarding the financial condition of Eurozone financial institutions and their exposure to such countries.

There can be no assurance that the European Union and International Monetary Fund initiatives aimed at stabilising the market in Greece, Portugal and Ireland will be sufficient to avert "contagion" to other countries. If sentiment towards the banks and/or other financial institutions operating in Italy were to deteriorate materially, or if the relevant Issuer's ratings and/or the ratings of the sector were to be further adversely affected, this may have a materially adverse impact on the relevant Issuer. In addition, such change in sentiment or reduction in ratings could result in an increase in the costs and a reduction in the availability of wholesale market funding across the financial sector which could have a material adverse effect on the liquidity and funding of all Italian financial services institutions, including the relevant Issuer.

Rising market tensions might affect negatively the funding costs and economic outlook of some euro member countries, as has been the case of the three bailed out countries. This, together with the risk that some countries might leave the euro area, would have a material and negative impact on the Group and/or on the Group's clients, with negative implications for the Group's business, results and the financial position.

Lingering market tensions might affect negatively the global economy and hamper the recovery of the euro area. Moreover, the tightening fiscal policy by some countries might weigh on households' disposable income and on corporate profits with negative implications for the Group's business, results and the financial position. This trend will likely continue in the coming quarters.

Any further deterioration of the Italian economy would have a material adverse effect on the Group's business, in light of the Group's significant exposure to the Italian economy. In addition, if any of the countries in which the Group operates entered recession again, the Group's results of operations, business and financial condition would be materially and adversely affected.

The European Central Bank's unconventional policy (including a security market programme and provision of liquidity via "Longer Term Refinancing Operations" (LTRO) with full allotment) has contributed to ease tensions, limiting the refinancing risk for the banking system and leading to a tightening of credit spreads. The possibility that the European Central Bank could halt or reconsider the current set up of unconventional measures would impact negatively the value of sovereign debt instruments. This would have a materially negative impact on the Group's business, results and financial position.

Despite the several initiatives of supranational organisations to deal with the heightened sovereign debt crisis in the euro area, global markets remain characterised by high uncertainty and volatility. If the current concerns over sovereign and bank solvency continue, there is a danger that inter-bank funding may become generally unavailable or available only at elevated interest rates, which might have an impact on the Mediobanca Group's access to, and cost of, funding. Should the Mediobanca Group be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Mediobanca Group's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

(C) *Risks in connection with the exposure of the Group to Eurozone sovereign debt*

In carrying out its activities, the Group holds substantial volumes of public-sector bonds, including bonds issued by European countries. The Group's total exposure in this respect as at 30 June 2013 is set out in the tables A.1.2.a and A.1.2.b of Part E of the audited consolidated annual financial statements of Mediobanca as at and for the year ended 30 June 2013 incorporated by reference into this Base Prospectus. This could give rise to operational disruptions to the Mediobanca Group's business.

Furthermore, Mediobanca is affected by disruptions and volatility in the global financial markets. In particular, Mediobanca's credit ratings are potentially exposed to the risk of reductions in the sovereign credit rating of Italy. On the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as Mediobanca and make it more likely that the credit rating of Notes issued under the Programme are downgraded.

Thus, any negative developments in the Group's sovereign exposure could adversely affect its results of operations, business and financial condition.

(D) The Issuer's financial results are affected by changes in interest rates

Fluctuations in interest rates in Italy and in the other markets in which the Mediobanca Group operates influence the Mediobanca Group's performance. The results of each Issuer's banking operations are affected by its management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the Issuer's financial condition or results of operations.

(E) The Issuer's financial results may be affected by market declines and volatility

The results of the Issuer may be affected by general economic, financial and other business conditions. During recessionary periods, there may be less demand for loan products and a greater number of the Issuer's customers may default on their loans or other obligations. Interest rate rises may also impact the demand for mortgages and other loan products. The risk arising from the impact of the economy and business climate on the credit quality of the Issuer's borrowers and counterparties, including sovereign states, can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

The Issuer are therefore exposed by its very nature to potential changes in the value of financial instruments, including securities issued by sovereign states, due to fluctuations in interest rates, exchange rates and currencies, stock market and commodities prices and credit spreads, and/or other risks.

(F) The Issuer is subject to credit and market risk. Current market conditions are unprecedented

The credit and capital markets have been experiencing extreme volatility and disruption in recent months. To the extent that any of the instruments and strategies the Issuer uses to hedge or otherwise manage its exposure to credit or capital markets risk are not effective, the Issuer may not be able to mitigate effectively the Issuer's risk exposures in particular market environments or against particular types of risk. The Issuer's trading revenues and interest rate risk are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The Issuer's financial results also depend upon how effectively the

Issuer determines and assesses the cost of credit and manages its credit risk and market risk concentration. In addition, due to market fluctuations, weak economic conditions and/or a decline in stock and bond prices, trading volumes or liquidity, the Issuer's financial results may also be affected by a downturn in the revenues deriving from its margin interests, principal transactions, investment banking and securities trading fees and brokerage activities.

(G) Sustained market weakness and volatility may adversely affect the Issuer's investment banking and financial advisory revenues and subject the Issuer to risks of losses from clients and other counterparties

The Issuer's investment banking revenues, in the form of financial advisory and debt and equity underwriting fees, are directly related to the number and size of the transactions in which the Issuer participates and may be impacted by continued or further credit market dislocations or sustained market downturns. Sustained market downturns or continued or further credit market dislocations and liquidity issues would also likely lead to a decline in the volume of capital market transactions that the Issuer executes for its clients and, therefore, to a decline in the revenues that it receives from commissions and spreads earned from the trades the Issuer executes for its clients. Further, to the extent that potential acquirers are unable to obtain adequate credit and financing on favourable terms, they may be unable or unwilling to consider or complete acquisition transactions, and as a result the Issuer's merger and acquisition advisory practice would suffer.

In addition, declines in the market value of securities can result in the failure of buyers and sellers of securities to fulfil their settlement obligations, and in the failure of the Issuer's clients to fulfil their credit obligations. During market downturns, the Issuer's counterparties in securities transactions may be less likely to complete transactions. Also, the Issuer often permit its clients to purchase securities on margin or, in other words, to borrow a portion of the purchase price from the Issuer and collateralize the loan with a set percentage of the securities. During steep declines in securities prices, the value of the collateral securing margin purchases may drop below the amount of the purchasers indebtedness. If the clients are unable to provide additional collateral for these loans, the Issuer may lose money on these margin transactions. In addition, particularly during market downturns, the Issuer may face additional expenses defending or pursuing claims or litigation related to counterparty or client defaults.

(H) Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and leading to material losses

In some of the Issuer's businesses, protracted adverse market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Issuer cannot close out deteriorating positions in a timely way. This may especially be the case for assets of the Issuer for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the Issuer calculates using models other than publicly quoted prices. Monitoring the deterioration of prices of assets like these is difficult and failure to do so effectively could lead to losses that the Issuer did not anticipate or that were higher than those anticipated. This in turn could adversely affect the Issuer's results of operations and financial condition.

(I) Market volatility and difficult access to debt capital markets can adversely affect the Issuer's liquidity

In the event that the extreme volatility and disruption experienced by international and domestic markets in recent months continue in the future, the Issuer's liquidity can be adversely affected. The Issuer's funding activity relies, for more than 20 per cent, on retail deposits with the Group company CheBanca!, on medium and long-term debt capital market issues offered to institutional investors and to the public. The placement to retail investors is made through public offerings (carried out by means of single banking networks – including that of Banco Posta – with exclusivity or through syndicated joined banking groups) and sold directly on the *Mercato Telematico delle Obbligazioni* managed by Borsa Italiana S.p.A. (MOT). Demand from institutional investors is met through public offerings on the Eurobond market and private placements of instruments tailored on the basis of the specific needs of the subscriber.

The volatility of the debt capital markets in Italy and abroad may impair the Issuer's ability to raise funding through fixed-income instruments and may affect its liquidity in the long term. In addition, the wider credit spreads that the markets are experiencing can affect the Issuer's aggregate cost of funding and have an impact on its financial results.

(J) *Intense competition, especially in the Italian market, where the Issuer has the largest concentration of its business, could materially adversely affect the Issuer's revenues and profitability*

Competition is intense in all of the Mediobanca Group's primary business areas in Italy and the other countries in which the Issuer conducts its business. The Mediobanca Group derives most of its total banking income from its banking activities in Italy, a mature market where competitive pressures have been increasing quickly. If the Mediobanca Group is unable to continue to respond to the competitive environment in Italy with attractive product and service offerings that are profitable for the Mediobanca Group, it may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the Italian economy could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for which to compete.

(K) *The Issuer's risk management policies, procedures and methods may nevertheless leave the Issuer exposed to unidentified or unanticipated risks, which could lead to material losses*

The Issuer has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risk and intends to continue to do so in the future. Nonetheless, the Issuer's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks, including risks that the Issuer fails to identify or anticipate. If existing or potential customers believe that the Issuer's risk management policies and procedures are inadequate, the Issuer's reputation as well as its revenues and profits may be negatively affected.

(L) *The Issuer is subject to operational risk*

The Issuer, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty computer or telecommunication systems. The Issuer's systems and processes are designed to ensure that the operational risks associated with the Issuer's activities are appropriately monitored. Any failure or weakness in these systems, however, could adversely affect the Issuer's financial performance and business activities.

(M) Systemic risks in connection with the economic/financial crisis

It should be noted that the earnings capacity and stability of the financial system in which the Issuer operates may be impacted by the general economic situation and the trends on financial markets, and, in particular, by the solidity and growth prospects of the economies of the country or countries in which the Issuer operates, including its/their credit standing.

Such factors, particularly during periods of economic and financial crisis, could lead the Issuer to incur losses, increases in the cost of financing, reductions in the value of assets held, with a potentially negative impact on the Issuer's liquidity and the solidity of its capital.

(N) Risks connected to the presence of OTC derivatives in the Group's portfolio

The investors should note that the portfolio of the Group contains so-called "over the counter" (OTC) derivatives. The fair value of these OTC derivatives depends upon the both the valuation and the perceived credit risk of the instrument insured or guaranteed or against which protection has been bought and the credit quality of the protection provider. Market counterparties have been adversely affected by their exposure to residential mortgage linked products, and their perceived creditworthiness has deteriorated significantly since 2007. Although the Group seeks to limit and manage direct exposure to market counterparties, indirect exposure may exist through other financial arrangements and counterparties. If the financial condition of market counterparties or their perceived creditworthiness deteriorates further, the Group may record further credit valuation adjustments on the underlying instruments insured by such parties.

Any primary or indirect exposure to the financial condition or creditworthiness of these counterparties could have a material adverse impact on the results of operations, financial condition and prospects of the Group.

(O) Risks connected to the EMIR Regulation

Investors should also note that the OTC derivatives would be subject to the regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, known as the European Market Infrastructure Regulation ("**EMIR**") that came into force on 16 August 2012.

On 19 December 2012, the European Commission adopted nine of ESMA's Regulatory Technical Standards (the "**Adopted RTS**") and Implementing Technical Standards (the "**Adopted ITS**") on OTC Derivatives, CCPs and Trade Repositories (the Adopted RTS and Adopted ITS together being the "**Adopted Technical Standards**"), which included technical standards on clearing, reporting and risk mitigation (see further below). The Adopted ITS were published in the Official Journal of the European Union on 21 December 2012 and entered into force on 10 January 2013 (although certain of the provisions thereof will only take effect once the associated regulatory technical standards enter into force). The Adopted RTS were published in the Official Journal of the European Union on 23 February 2013 and entered into force on 15 March 2013.

EMIR introduces certain requirements in respect of OTC derivative contracts applying to financial counterparties ("**FCPs**"), such as investment firms, credit institutions and insurance companies and certain non-financial counterparties ("**Non-FCPs**"). Such requirements include, amongst other things, the mandatory clearing of certain OTC derivative contracts (the "**Clearing Obligation**") through an authorised central counterparty (a "**CCP**"), the reporting of OTC derivative contracts to a trade

repository (the "**Reporting Obligation**") and certain risk mitigation requirements in relation to derivative contracts which are not centrally cleared.

The Clearing Obligation applies to FCPs and certain Non-FCPs which have positions in OTC derivative contracts exceeding specified 'clearing thresholds'. Such OTC derivative contracts also need to be of a class of derivative which has been designated by ESMA as being subject to the Clearing Obligation. On the basis of the Adopted Technical Standards, it is likely that the Issuer will be treated as a Non-FCP for the purposes of EMIR and the swap transactions to be entered into by it on the Closing Date will not exceed the "clearing threshold".

A CCP will be used to meet the Clearing Obligation by interposing itself between the counterparties to the eligible OTC derivative contracts. For the purposes of satisfying the Clearing Obligation, EMIR requires derivative counterparties to become clearing members of a CCP, a client of a clearing member or to otherwise establish indirect clearing arrangements with a clearing member. Each derivative counterparty will be required to post both initial and variation margin to the clearing member (which in turn will itself be required to post margin to the CCP). EMIR requires CCPs to only accept highly liquid collateral with minimal credit and market risk, which is defined in the Adopted Technical Standards as cash, gold and highly rated government bonds.

The Reporting Obligation applies to all types of counterparties and covers the entry into, modification or termination of cleared and non-cleared derivative contracts which were entered into (i) before 16 August 2012 and which remain outstanding on 16 August 2012, or (ii) on or after 16 August 2012. The details of all such derivative contracts are required to be reported to a trade repository. It will therefore apply to the Swap Agreements and any replacement swap agreements.

FCPs and Non-FCPs which enter into non-cleared derivative contracts must ensure that appropriate procedures and arrangements are in place to measure, monitor and mitigate operational and counterparty credit risk. Such procedures and arrangements include, amongst other things, the timely confirmation of the terms of a derivative contract and formalised processes to reconcile trade portfolios, identify and resolve disputes and monitor the value of outstanding contracts. In addition, FCPs and those Non-FCP which exceed the specified clearing thresholds must also mark-to-market the value of their outstanding derivative contracts on a daily basis and have risk-management procedures that require the timely, accurate and appropriately segregated exchange of collateral.

The EU regulatory framework and legal regime relating to derivatives is set not only by EMIR but also by the European Directive No 65/2014 ("**MIFID II**") and the European Regulation No. 600/2014 ("**MIFIR**"), both of which came into force on 3 July 2014. MIFID II amends existing provisions on authorisation, conduct of business and organizational requirements for providers of investment services. These rules aim at strengthening the protection of investors, through the introduction of new requirements on product governance, independent investment advice and cross-selling, the extension of existing rules to structured deposits and the improvement of requirements in several areas, including on the responsibility of management bodies, inducements, information and reporting to clients, remuneration of staff and best execution. MIFIR establishes, inter alia, uniform requirements in relation to disclosure of trade data to the public, reporting of transactions to the competent authorities, trading of derivatives on organised venues, benchmarks and intervention powers of competent authorities, ESMA and EBA.

MIFID II is expected to be implemented by the Member States by 3 July 2016.

Most of the provisions of MIFID II and MIFIR shall apply from 3 January 2017 except for the minor provisions which shall apply from 3 September 2018. In addition, many of the provisions of MIFID II and MIFIR will be implemented by means of technical standards that will be drafted by the ESMA.

In this respect, it is difficult to predict the full impact of these regulatory requirements on the Issuer. Prospective investors should be aware that the regulatory changes arising from EMIR, MiFID II and MIFIR may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the relevant Issuer's ability to engage in transactions in OTC derivatives. As a result of such increased costs or increased regulatory requirements, investors may receive less interest or return, as the case may be. Investors should be aware, however, that such risks are material and that the Issuer could be materially and adversely affected thereby. As such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR, MIFID II and MIFIR, in making any investment decision in respect of the Notes. In addition, given that the date of application of some of the EMIR provisions and the EMIR technical standards remains uncertain and given that additional technical standard or amendments to the existing EMIR provisions may come into effect in due course, prospective investors should be aware that the relevant Transaction Documents may need to be amended during the course of the Transaction, without the consent of any Noteholder, to ensure that the terms thereof and the parties obligations thereunder are in compliance with EMIR and/or the then subsisting EMIR technical standards.

(P) Risks connected to a potential rating downgrade

Mediobanca is rated by Standard & Poor's Credit Market Services Italy S.r.l. ("S&P"). A downgrade of Mediobanca's rating (for whatever reason) might result in higher funding and refinancing costs for Mediobanca in the capital markets. In addition, a downgrade of Mediobanca's rating may limit Mediobanca's opportunities to extend mortgage loans and may have a particularly adverse effect on Mediobanca's image as a participant in the capital markets, as well as in the eyes of its clients. These factors may have an adverse effect on Mediobanca's financial condition and/or the results of its operations.

(Q) Changes in the Italian and European regulatory framework could adversely affect the Issuer's business

The Issuer is subject to extensive regulation and supervision by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* (the Italian securities market regulator or "CONSOB") in relation to Mediobanca, the European Central Bank and the European System of Central Banks in relation to both Issuers and the CSSF in Luxembourg in relation to Mediobanca International. The banking laws to which the Issuer is subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuer must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing the international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and could significantly alter the Issuer's capital requirements.

The supervisory authorities mentioned above govern various aspects of the Issuer, which may include, among other things, liquidity levels and capital adequacy, the prevention and combating of money laundering, privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. In order to operate in compliance with these regulations,

Mediobanca has in place specific procedures and internal policies. Despite the existence of these procedures and policies, there can be no assurance that violations of regulations will not occur, which could adversely affect the Group's results of operations, business and financial condition. The above risks are compounded by the fact that, as at the date of this Base Prospectus, certain laws and regulations have only been recently approved and the relevant implementation procedures are still in the process of being developed.

Between the end of 2010 and the beginning of 2011 the Bank of Italy issued a series of measures which amended the Bank of Italy Circular No. 263 of 27 December 2006 (*Nuove Disposizioni di Vigilanza Prudenziale delle Banche*) as amended and supplemented (the "**Bank of Italy Regulations**") in order to adopt the provisions of EU Directive 2009/27/EC, 2009/83/EC and 2009/111/EC (together, "**CRD II**"), which amended EU Directives 2006/48/EC ("**CRD**") and 2006/49/EC and has changed, *inter alia*, the criteria for assessing capital eligible to be included in Tier I Capital and may require the Issuer to replace, over a staged grandfathering period, existing capital instruments that do not fall within these revised eligibility criteria.

EU Directive 2010/76/EU ("**CRD III**") was issued on 24 November 2010 amending further the CRD as regards capital requirements for the trading book and for re-securitisations and the supervisory review of remuneration policies. This Directive introduces a number of changes in response to the recent and current market conditions, such as:

- an increase in the capital requirements for financial institutions in respect of trading books to ensure that a bank's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;
- a limit on investments in re-securitisations and imposition of higher capital requirements for re-securitisations to make sure that banks take proper account of the risks of investing in such complex financial products; and
- a restriction on the remuneration payable to individuals fulfilling roles with a potential impact on a bank's risk profile.

In December 2010, January 2011 and July 2011, the Basel Committee on Banking Supervision issued documents containing a capital and liquidity reform package (the "**Basel III proposal**"). The main proposals are summarised as follows:

- revision of the regulatory capital definition and its components, setting higher minimum levels for Common Equity Tier I capital adequacy ratios and introducing requirements for non-Core Tier I and Tier II capital instruments to have a mechanism that requires them to be written off or converted into ordinary shares at the point of a bank's non-viability;
- non-recognition or phasing-out of recognition of certain existing capital instruments as Common Equity Tier I Capital, Additional Tier I Capital or Tier II Capital starting from 1 January 2013;
- introduction of a capital conservation buffer designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as losses are

incurred and a countercyclical buffer, and measures aimed at ensuring that systemically important financial institutions have loss-absorbing capacities which go beyond the minimum Basel III standards, in order to ensure that banking sector capital requirements take into account the macro-financial environment in which banks operate;

- enhancement of risk coverage of the capital requirements framework, especially regarding derivatives and other off balance sheet items (counterparty credit risk), the exposures to central counterparties (CCPs) and the values of the risk parameters under stress conditions (market, credit and counterparty credit risk);
- introduction of a leverage ratio requirement as a supplementary measure to the risk-based capital requirements;
- promotion of stronger provisioning practices mainly by moving towards a forward looking (Expected Loss) provisioning approach; and
- introduction of global common liquidity measurement standards for the banking sector, which will subject banks to minimum quantitative requirements for liquidity and increased risk weightings for "illiquid" assets.

The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019. In January 2013, the Basel Committee reviewed its original proposal relating to liquidity requirements by taking into account concerns raised by the banking industry. As a result of this review, the Basel Committee decided that the phasing-in of the Liquidity Coverage Ratio should take place gradually (annual increase of 10 per cent.), starting with 60 per cent. in 2015 and ending with 100 per cent. in 2019. In addition, the Basel Committee expanded the definition of "high quality liquid assets" to include lower quality corporate securities, equities and residential mortgage backed securities.

In order to facilitate the implementation of the Basel III capital and liquidity standards in Europe, in July 2011 the European Commission proposed a legislative package to strengthen the regulation of the banking sector through the combination of an amendment to the Capital Requirements Directive (known as the "**CRD IV**") and the implementation of an EU regulation (the "**Capital Requirements Regulation**") directly in each member state (known as the "**CRR**" and, together with the CRD IV, the "**CRR/CRD IV Package**"). The CRR/CRD IV Package is largely consistent with the Basel Committee proposals described above and has been formally adopted by the European Council on 20 June 2013.

The CRR/CRD IV Package is a package of major reforms to EU legislation on prudential requirements for credit institutions and investment firms. While CRR has become directly applicable in all member states with effect from 1 January 2014, with the exception of certain provisions specified in Article 521, the new rules are subject to a series of transitional arrangements with phasing in of the rules occurring over a period of time.

Member states are also required to transpose the CRD IV and apply its provisions effective as from 1 January 2014. The CRD IV repealed the CRD with effect from 1 January 2014.

The CRD IV Directive implements Basel III-related reforms in the following areas:

- tightens the criteria for components to be recognised as regulatory capital, and in particular strengthens the definition of common equity (which is the main component of their Tier 1 capital);
- increases the minimum ratios for common equity and Tier 1 capital to 4.5% and 6% respectively, although the minimum capital ratio remains at 8%;
- introduces two capital buffers, which will apply in addition to the increased common equity and Tier 1 capital ratios;
- strengthens the capital requirements for counterparty credit risk (CCR) exposures arising from banks' derivatives, repo and security finance activities and encourages increased use of central counterparties (CCPs) for OTC derivatives trades;
- contains measures intended to address exposures to the risk of deterioration in the creditworthiness of a counterparty;
- sets out the Commission's initial proposals for the introduction of a leverage ratio, which is likely to be the ratio of Tier 1 capital to total non-weighted assets and off-balance exposures;
- sets out the Commission's initial proposals for the introduction of two new liquidity ratios intended to encourage banks to hold higher levels of unencumbered, high-quality liquid assets.

The CRD IV also addresses issues not directly related to the Basel III reforms, such as remuneration, single rule-book, corporate governance, sanctions and reliance on external ratings.

Furthermore, the Basel III framework introduced a simple, transparent, non-risk based leverage ratio to act as a credible supplementary measure to the risk-based capital requirements. The leverage ratio is intended to (i) restrict the build-up of leverage in the banking sector to avoid destabilising deleveraging processes that can damage the broader financial system and the economy; and (ii) reinforce the risk-based requirements with a simple, non-risk based “backstop” measure.

Implementation of the leverage ratio requirements has begun with bank-level reporting to national supervisors of the leverage ratio and its components from 1 January 2013, and will proceed with public disclosure starting 1 January 2015. The final calibration, and any further adjustments to the definition, will be completed by 2017, with a view to migrating to a minimum capital requirement treatment on 1 January 2018.

In addition, a new legislative proposal on the Financial Transaction Tax (the “**FTT**”) was published on 14 February 2013. The proposal followed the Council’s authorisation to proceed with the adoption of the FTT through enhanced cooperation, i.e. adoption limited to 11 countries – among which Italy, France, Germany and Austria. The national provisions implementing the proposed FTT have not entered in force yet.

New legislation or regulations which may come into force in the future may increase operating costs and have an adverse effect upon the business, results and prospects of the Mediobanca Group. As some of the relevant banking laws and regulations affecting the Mediobanca Group have only been adopted recently, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be

adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the Mediobanca Group.

Prospective investors in the Notes should consult their own advisors as to the consequences for them of the application of the above regulations as implemented in each Member State.

(R) *Increased Capital Requirements*

Under the CRD IV and Basel III framework, the minimum capital requirement for common equity tier 1 ("**CET1**") (which does not include hybrid capital) will be phased in gradually from the current 2 per cent. of risk-weighted assets to up to 9.5 per cent. in 2019. The 9.5 per cent. requirement will include a "capital conservation buffer requirement" of 2.5 per cent. and a "countercyclical buffer requirement" of 0-2.5 per cent. in addition to a minimum base requirement of 4.5 per cent. The countercyclical buffer requirement will apply in periods of excess lending growth in the economy and can vary for each jurisdiction. For each systemically important bank ("**SIB**") there will be additional buffer requirements on top of the 9.5 per cent.

(S) *The Group may be subject to the provisions of the Crisis Management Directive, once finalised and implemented, in the future*

On 6 June 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Crisis Management Directive**" or "**CMD**"). The stated aim of the draft CMD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' exposure to losses. The powers provided to authorities in the draft CMD are divided into three categories: (i) preparatory steps and plans to minimise the risks of potential problems (preparation and prevention); (ii) in the event of incipient problems, powers to arrest a bank's deteriorating situation at an early stage so as to avoid insolvency (early intervention); and (iii) if insolvency of an institution presents a concern as regards the general public interest, a clear means to reorganise or wind down the bank in an orderly fashion while preserving its critical functions and limiting to the maximum extent any exposure of taxpayers to losses in insolvency (resolution).

The draft CMD currently contains four resolution tools and powers: (i) sale of business – which enables resolution authorities to proceed with the sale of the institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply; (ii) bridge institution - which enables resolution authorities to transfer of all or part of the business of an institution to a "bridge bank" (a publically controlled entity); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to an asset management vehicle to allow them to be managed and worked out over time; and (iv) bail in - which gives resolution authorities the power to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims to equity (subject to certain parameters as to which liabilities would be eligible for the bail in tool).

The draft CMD contemplates that it will be implemented in Member States by 31 December 2014 except for the bail in tool which is to be implemented by 1 January 2018.

It is expected that the CMD bail-in tool will apply on implementation to instruments that are already in issue. If and to the extent that the draft CMD is implemented retrospectively so as to apply to securities

already in issue, such securities will be subject to the provisions of the CMD (including the CMD bail-in tool).

The powers currently set out in the draft CMD would impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. However, the proposed directive is not in final form and changes may be made to it in the course of the legislative procedure. As such, it is too early to anticipate the full impact of the draft directive but there can be no assurance that, once it is agreed upon and implemented, Noteholders will not be adversely affected by actions taken under it. In addition, there can be no assurance that, once the draft CMD is agreed upon and implemented, its application will not have a significant impact on the Group's results of operations, business, assets, cash flows and financial condition, as well as on funding activities carried out by the Group and the products and services offered by the Group.

There can be no assurance that, once the CMD is implemented, the fact of its implementation or the taking of any actions currently contemplated or as finally reflected in it would not adversely affect the price or value of a Noteholder's investment in notes and/or the ability of Mediobanca to satisfy its obligations under the Notes and/or lead to the write-down or write-off of Noteholders' claims under the Notes.

Prospective investors in the Notes should consult their own advisers as to the consequences of the proposed CMD.

(T) Risks related to the Issuer's potential implementation of capital strengthening initiatives in connection with the European Bank Authority (the "EBA") Capital Requirements

The current Supervisory Regulations and the Basel III Rules include a set of rules for improving quality and quantity of capital as well as new rules for controlling the leverage and the pro cyclical intermediation. The implementing reforms are aimed to empower the capacity of the banking system to absorb shocks resulting from financial and economic tensions, regardless of their cause, reducing the risk of contagion of the financial sector by the real economy. In general, the evaluation of an appropriate bank capitalization could have direct impacts, among other things, on the rating and the cost of funding, and the necessity of any extraordinary transactions with consequent effects on economic and financial situation of each relevant financial institution and on its shareholders.

In May 2013 the EBA agreed on recommendations to supervisors to conduct asset quality reviews on major EU banks in order to dispel concerns over the deterioration of asset quality. Asset quality reviews can address uncertainties in balance sheet valuations, and an asset quality review should be conducted prior to starting the Single Supervisory Mechanism ("SSM") for banks which will be subject to direct supervision of the ECB in the SSM. In this respect, the set of EBA recommendations and the timeframe for the asset quality reviews and the EU-wide stress test will be published once the timeline of the SSM's balance sheet assessment is known.

If the stress tests - also taking into account the results of the asset quality review which could require, upon instructions of the supervisory authority, provisions higher than those envisaged - show that a bank does not meet the capital requirements set out by the EBA, then the supervisory authority could require the adoption of measures aimed at bridging a capital gap indicated by the stress test.

2) Risks relating to the Notes

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

(A) *The Notes may not be a suitable investment for all investors*

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

- (i) proceed with investment only after fully appreciating the risks inherent in the nature of the Notes;
- (ii) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (iii) evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (v) consider all of the risks of an investment in the Notes, including Notes with payments thereunder payable in one or more currencies, or where the currency for payments thereunder is different from the potential investor's currency; and
- (vi) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (vii) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, an investment in Share Linked Notes, Index Linked Notes, Fund Linked Notes, Credit Linked Notes, Inflation Linked Notes, Physical Delivery Notes, Commodity Linked Notes, FX Linked Notes, Interest Rate Linked Notes and Debt Linked Notes may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "Risks related to the structure of a particular issue of Notes" set out below.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios.

A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

(B) *Risks related to the structure of a particular Issue of Notes*

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

(i) *General risks*

The Notes involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a partial or total loss of the purchase price of their Notes. This risk reflects the nature of a Note as an asset which, other factors held constant, tends to decline in value over time and which may become worthless on maturity. See "Certain Factors Affecting the Value and Trading Price of Notes" below. Prospective purchasers of Notes should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Notes and the particular share (or basket of shares), index (or basket of indices), fund (or basket of funds), reference entity (or reference entities), inflation rate, commodity (or basket of commodities), debt instrument (or basket of debt instruments), interest rate (or basket of interest rates) or foreign exchange rate to which the value of the relevant Notes may relate, as specified in the applicable Final Terms.

(ii) *Notes referencing a Reference Item*

The Issuer may issue Notes with the amount of principal repayable on maturity being determined by reference to a particular particular share (or basket of shares), index (or basket of indices), fund (or basket of funds), reference entity (or reference entities), inflation rate, commodity (or basket of commodities), foreign exchange rate or debt instrument (or basket of debt instruments) (each, a "**Reference Item**"). Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may receive no interest;
- (c) where the Notes are not capital guaranteed Notes, they may lose all or a substantial portion of their principal;
- (d) the Reference Items may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other securities or indices;
- (e) the timing of changes in a Reference Item may affect the actual yield to investors, even if the average level is consistent with their expectations;
- (f) if the Notes are redeemable either by payment of the final redemption amount or by delivery of underlying assets relating to the Reference Item in lieu thereof, the value of the underlying assets received may be less than the principal amount of the Notes; and
- (g) the Notes are of limited maturity and, unlike direct investments in a share, index, fund, security, inflation index, commodity, debt instruments, interest rates or other asset, investors are not able to hold Notes beyond the Maturity Date in the expectation of a recovery in the price of the Reference Item.

Notes linked to Reference Item(s) will represent an investment linked to the economic performance of the relevant Reference Item(s) and potential investors should note that the return (if any) on their investment in such Notes will depend upon the performance of such Reference Item(s). Potential investors should also note that whilst the market value of such Notes is linked to such Reference Item(s) and will be influenced (positively or negatively) by such Reference Item(s), any change in the market value of such Notes may not be comparable to changes in the market value of the Reference Item(s). It is impossible to predict how the market value of the relevant Reference Item(s) will vary over time.

Fluctuations in the price of the relevant share or value of the basket of shares will affect the value of Share Linked Notes. Fluctuations in the value of the relevant index will affect the value of Index Linked Notes. Fluctuations in the value of the relevant fund or the value of the basket of funds will affect the value of Fund Linked Notes. Fluctuations in the market price for the purchase of credit protection in relation to the relevant reference entity or basket of reference entities will affect the value of Credit Linked Notes. Fluctuations in the value of the relevant inflation rate will affect the value of Inflation Linked Notes. Fluctuations in the value of the relevant commodity or basket of commodities will affect the value of Commodity Linked Notes. Fluctuations in the rates of exchange between the relevant currencies will affect the value of FX Linked Notes. Fluctuations in the value of the relevant debt instrument or basket of debt instruments will affect the value of Debt Linked Notes. Fluctuations in the value of the relevant interest rate or basket of interest rates will affect the value of Interest Rate Linked Notes. Purchasers of Notes risk losing their entire investment if the value of the relevant Reference Item does not move in the anticipated direction.

The risk of the loss of some or all of the purchase price of a Note upon maturity means that, in order to recover and realise a return upon his or her investment, a purchaser of a Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item. Assuming all other factors are held constant, the lower the value of a Note and the shorter its remaining term to maturity, the greater the risk that purchasers of such Note will lose all or part of their investment.

The historical performances of a Reference Item should not be viewed as an indication of the future performance of such Reference Item during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risks entailed by an investment in any Notes and the suitability of such Notes in light of its particular circumstances.

The Issuer may issue several issues of Notes relating to various Reference Items as may be specified in the applicable Final Terms. However, no assurance can be given that the Issuer will issue any Notes other than the Notes to which particular Final Terms relate. At any given time, the number of Notes outstanding may be substantial.

(iii) Exposure to performance of basket and its components

Where the Notes are linked to or reference a basket of assets, the investors in such Notes are exposed to the performance of such basket. Investors will bear the risk of the performance of each of the basket components.

The Notes may provide for the application to the relevant Reference Items of a component weight, in order to increase or decrease the percentage of each Reference Item used to determine the amounts payable or deliverable to investors. The component weight may be lower than 100 per cent.

In such case, the amounts payable or deliverable to investors will be reduced and, therefore, will contribute to the yield of the Notes only to such reduced extent. The performance of the relevant Reference Item(s) will, therefore, impact the yield of the Notes only to a limited extent.

(iv) Share Linked Notes

General

The Issuer may issue Share Linked Notes which are securities whose performance is linked to the performance of a share (or basket of shares). An investment in Share Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

In the case of Share Linked Notes, no issuer of such shares will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Share Linked Notes and neither the Issuer nor any Dealer will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the share and therefore the trading price of the Share Linked Notes.

The performance of Shares is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments, political factors and company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. These factors are not within the relevant Issuer's control and may result in a decline in the value of the Notes.

Lack of rights in respect of the Shares

Except as provided in the Specific Terms and Conditions in relation to Share Linked Notes, holders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Share Linked Notes relate.

Share Linked Notes do not represent a claim against or an investment in any issuer of the relevant share(s) and investors will not have any right of recourse under the Share Linked Notes to any such company or the shares. Share Linked Notes are not in any way sponsored, endorsed or promoted by any issuer of the relevant share(s) and such companies have no obligation to take into account the consequences of their actions for any holders. Accordingly, the issuer of a share may take any actions in respect of such share without regard to the interests of the investors in the Share Linked Notes, and any of these actions could adversely affect the market value of the Share Linked Notes.

Exposure to modification and disruption events

Upon determining that a Potential Adjustment Event, Merger Event, Tender Offer, De-listing, Nationalization, Insolvency, Additional Disruption Event, Market Disruption Event or certain other events have occurred in relation to an underlying Share or Share Issuer, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Share Linked Notes and/or (ii) (in the case of a Merger Event, Tender

Offer, De-listing, Nationalization or Insolvency) cause early redemption/settlement of the Share Linked Notes, any of which determinations may have an adverse effect on the value of the Share Linked Notes.

Potential Adjustment Events include (a) a sub-division, consolidation or re-classification of the Shares, (b) a distribution in kind, (c) an extraordinary dividend, (d) a call of the Shares that are not fully paid, (e) a repurchase by the issuer, or an affiliate thereof, of the Shares, (f) a separation of rights from the Shares or (g) any event having a dilutive or concentrative effect on the value of the Shares.

Physical delivery of Shares

Where the Share Linked Notes include the right of the relevant Issuer, subject to the fulfilment of a particular condition, to redeem the Share Linked Notes at their maturity by delivering Shares to the investor, the investors will receive such Shares rather than a monetary amount upon maturity. Holders will, therefore, be exposed to the issuer of such Shares and the risks associated with such Shares. The investor should not assume that he or she will be able to sell such Shares for a specific price after the redemption/settlement of the Share Linked Notes, and in particular not for the purchase price of the Share Linked Notes. Under certain circumstances the Shares may only have a very low value or may, in fact, be worthless. Holders may also be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such Shares.

(v) *Index Linked Notes*

General

The Issuer may issue Index Linked Notes which are securities whose performance is linked to the performance of an index. An investment in Index Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

Factors affecting the performance of Indices may adversely affect the value of the Index Linked Notes. Indices are comprised of a synthetic portfolio of shares, bonds, currency exchange rates, commodities, property or other assets, and as such, the performance of an Index is dependent upon the performance of components of such index, which may include interest rates, currency developments, political factors, market factors such as the general trends in capital markets or broad based indices and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. If an Index does not perform as expected, this will materially and adversely affect the value of Index Linked Notes.

Returns on the Index Linked Notes do not reflect a direct investment in underlying shares or other assets comprising the Index

The return payable on Index Linked Notes that reference indices may not reflect the return a potential investor would realise if it actually owned the relevant assets comprising the components of the Index or owned a different form of interest in the relevant Index. For example, if the components of the Indices are shares, holders of Index Linked Notes will not receive any dividends paid or distributions made on those shares and will not participate in the return on those dividends or distributions unless the relevant Index takes such dividends into account for purposes of calculating the relevant level. Similarly, holders of Index Linked Notes will not have any voting rights in the underlying shares or any other assets which may comprise the components of the relevant Index. Accordingly, holders of

Index Linked Notes that reference Indices as Reference Items may receive a lower payment upon redemption/settlement of such Index Linked Notes than such holder of Index Linked Notes would have received if it had invested in the components of the Index directly or other comparable instruments linked to the Index.

A change in the composition or discontinuance of an Index could adversely affect the market value of the Index Linked Notes

The sponsor of any Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The changing of components of any Index may affect the level of such Index as a newly added component may perform significantly worse or better than the component it replaces, which in turn may affect the payments made by the relevant Issuer to the holders of the Index Linked Notes. The sponsor of any such Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the Index Linked Notes and will have no obligation to any holder of such Index Linked Notes. Accordingly, the sponsor of an Index may take any actions in respect of such Index without regard to the interests of the holder of the Index Linked Notes, and any of these actions could adversely affect the market value of the Index Linked Notes.

Exposure to modification and disruption events

Upon determining that an Additional Disruption Event, Index Modification, Index Cancellation, Index Disruption, Market Disruption Event or certain other events have occurred in relation to Index Linked Notes, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Share Linked Notes and/or (ii) (in the case of an Additional Disruption Event, Index Modification, Index Cancellation, Index Disruption) cause early redemption/settlement of the Index Linked Notes, any of which determinations may have an adverse effect on the value of the Index Linked Notes.

The Calculation Agent may (subject to the terms and conditions of the relevant Index Linked Notes) also amend the relevant Index level due to corrections in the level reported by the Index sponsor. The consequences of such amendments could adversely affect the market value of the Index Linked Notes.

There are additional risks in relation to Commodity Indices

See “Additional risks in relation to the “rolling” of commodity futures contracts (including commodity futures contracts which are Components of a Commodity Index)” below.

(vi) *Fund Linked Notes*

General

The Issuer may issue Fund Linked Notes which are securities whose performance is linked to the performance of an underlying fund (or basket of funds). An investment in Fund Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

Investors in Fund Linked Notes should understand that:

- (i) there are market risks associated with an actual investment in the underlying fund(s), and while the Notes do not create an actual interest in the underlying fund(s), the return on the Notes

generally involves the same associated risks as an actual investment in the underlying fund(s). The Issuer has not purported and does not purport to be a source of information concerning the market risks associated with such underlying fund or fund interests;

- (ii) third parties, not related to the Issuer or the Guarantor, may subscribe for and redeem underlying fund interests. These investments may affect the performance and volatility of such fund's net asset value and so subsequently affect, from time to time, the return on the Notes;
- (iii) the Issuer has no control over the underlying fund(s) or the performance of such fund(s) and any performance of the underlying fund(s) necessary for the Notes to yield a specified return is not assured. Potential investors in the Notes should understand that the performance of the underlying fund(s) may, depending on the terms of the Notes, strongly affect the value of payments on the Notes;
- (iv) the value of units in the underlying fund(s) and the income from it may fluctuate significantly. The Issuer makes no representation or warranty about, or guarantee of, the performance of an underlying fund;
- (v) the Issuer has not provided and will not provide during the term of the Notes prospective purchasers of the Notes with any information or advice with respect to the performance of an underlying fund. The Issuer may have acquired, or during the term of the Notes may acquire, non-public information with respect to an underlying fund, which will not be provided to the Noteholders;
- (vi) the funds may follow a wide range of investment strategies, invest in assets in a number of different countries and invest in assets denominated in a number of different currencies. The returns to the Noteholders may, therefore, be materially affected by, among other things, market trends, exchange rate fluctuations and political and economic developments in the relevant countries. This may lead to substantial volatility in the net asset value of the funds;
- (vii) the funds may have investment strategies and guidelines that are very broad. They may also be free to engage in additional or alternative strategies without reference to any other person including the Issuer, the Guarantor and the Investor;
- (viii) the funds may often rely on a few individuals to determine their investment strategies and to make investment decision. The loss of such individuals could jeopardise the performance of the funds;
- (ix) the funds may be engaged in a high level of trading with commensurately high brokerage and transaction costs, as well as costs associated with leverage, such as interest payments and margin maintenance. Such costs will adversely affect the net asset value of the funds and so may adversely affect the return on the Notes;
- (x) the funds will be exposed to credit risks against brokers and other counterparties with which they deal in implementing their investment strategies;
- (xi) where underlying funds invest in unlisted shares and certain other assets, risks associated with reduced liquidity and lack of objective valuations will arise. Additionally, the underlying funds may invest in emerging markets. This involves risks attributable to nationalisations, expropriation or taxation, currency devaluation, foreign exchange control, political, social or

diplomatic instability or governmental restrictions. The capital markets in such countries have substantially less volume, and are generally less liquid and more volatile, than those in more developed markets. Disclosure and regulatory requirements could be less stringent than in other markets, with a low level of monitoring and limited and uneven enforcements of existing regulations;

- (xii) an underlying fund may have no or a limited history, with no proven track record in achieving their stated investment objectives;
- (xiii) some or all of the underlying funds may be wholly unregulated investment vehicles and may trade in futures, options, forward exchange contracts and other derivative instruments, which may represent significant investment risks. In addition, underlying funds may acquire leveraged trading positions, including through the use of borrowing, and may engage in short selling. As a result of leverage, relatively small adverse price movements may result in substantial losses; and
- (xiv) an underlying fund itself may be subject to fees and charges on its investments which shall be borne by such fund and incorporated in the value of interests in it.

Exposure to modification and disruption events

Upon determining that Corporate Event, Substitution Event or certain other events have occurred in relation to Fund Linked Notes, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Fund Linked Notes (including replacing the affected fund by other funds) and/or (ii) cause early redemption/settlement of the Fund Linked Notes, any of which determinations may have an adverse effect on the value of the Fund Linked Notes.

In addition, any determination dates and payment dates may be changed by the Calculation Agent, or the amount paid per Fund Linked Note may be based on the only cash amounts that an investor in the fund would actually receive, which might be as low as zero.

Risk from composition and changes to a fund

The management company of a fund can, without regard to the interests of the investors in the Fund Linked Notes, add, delete or substitute any funds by reference to which the value of a fund is calculated or make other methodological changes that could change the investment profile of a fund. The management company may also determine to discontinue a fund. If a fund is discontinued, it may be replaced by other assets and/or the Fund Linked Notes may be redeemed or exercised early.

In the event that a fund is materially modified or permanently cancelled or the management company fails to calculate or announce the net asset value of a fund, the Calculation Agent will either make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions of the Fund Linked Notes as the Calculation Agent determines appropriate to account for the effect on the Fund Linked Notes of such events, or may cause the early redemption of the Fund Linked Notes. Any of these decisions or determinations may adversely impact the value of the Fund Linked Notes.

Funds may be subject to transfer restrictions and illiquidity

Funds and the assets thereof may be subject to transfer restrictions arising by way of applicable securities laws or otherwise. Such restrictions may mean that purchasers of the Fund Linked Notes are not entitled to acquire interests in the funds directly. Holders of units or shares (however described) in a fund may have the right to transfer or withdraw their investment in the funds only at certain times and upon completion of certain documentary formalities and such rights may be subject to suspension or alteration. These circumstances may affect the net asset value of the funds in question. Potential investors should familiarise themselves with the features of the funds in this regard.

Events which affect the value of a fund will affect the value of Fund Linked Notes

The occurrence of any of the following events could materially and adversely affect the value of shares or units in a Fund, and have a consequent material and adverse effect on the value of Fund Linked Notes:

- *Valuation:* The valuation of funds is generally controlled by the management company of the fund. Valuations are performed in accordance the terms and conditions governing the fund. Such valuations may be based upon the unaudited financial records of the fund and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the fund and accounts. The fund may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable net asset values may be difficult to obtain. In consequence, the management company may vary certain quotations for such investments held by the fund in order to reflect its judgement as to the fair value thereof.

Therefore, valuations may be subject to subsequent adjustment upward or downward. Uncertainties as to the valuation of fund assets and/or accounts may have an adverse effect on the net asset value of the fund where such judgements regarding valuations prove to be incorrect.

- *Trading charges:* The performance of a fund will be affected by the charges incurred thereby relating to the investments of such fund. The fund may engage in short-term trading which may result in increased turnover and associated higher than normal brokerage commissions and other expenses.
- *Legal and regulatory changes:* Future changes to applicable law or regulation may be adverse to a fund.
- *Investment risk:* All investments risk the loss of capital and/or the diminution of investment returns. A fund may utilise (inter alia) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realizable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses.
- *Illiquidity:* A fund may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated.
- *Performance risk:* No assurance can be given relating to the present or future performance of a fund. The performance of a fund is dependent on the performance of the management company thereof. Certain management companies may utilise analytical models upon which investment decisions are based. No assurance can be given that these persons will succeed in meeting the

investment objectives of the fund, that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which the funds have invested or will invest will prove accurate.

- *Effect of exchange rates and exchange controls:* The net asset value of a fund could be adversely affected not only by hedging costs and changes in exchange rates, but also by local exchange control regulations and other limitations, including currency exchange limitations and political and economic developments in the relevant countries.
- *Market risks:* The markets in which a fund invests may prove to be highly volatile from time to time as a result of, for example, sudden changes in government policies on taxation and currency repatriation or changes in legislation relating to the value of foreign ownership in companies, and this may affect the net asset value at which a fund may liquidate positions to meet repurchase requests or other funding requirements.
- *Hedging risks:* A fund may in certain cases employ various hedging techniques to reduce the risk of investment positions. A substantial risk remains, nonetheless, that such techniques will not always be available and when available, will not always be effective in limiting losses. A fund may take substantial unhedged positions.
- *Interest rate risks:* The values of securities held by a fund (or by any underlying fund) tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding net asset values of a fund's positions to move in directions which were not initially anticipated. To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose a fund to losses.
- *Absence of regulation:* A fund may not be regulated under the laws of any country or jurisdiction. As a result, certain protections of such laws (which, among other things, may require investment companies to have disinterested directors, require securities to be held in custody and segregated, regulate the relationship between the investment company and its adviser and mandate investor approval before fundamental investment policies may be changed) do not apply to a fund. This absence of regulation may adversely affect the performance of a fund.
- *Suspension of trading:* A securities exchange typically has the right to suspend or limit trading in any instrument traded on that exchange. A suspension could render it impossible for a fund to liquidate positions and thereby expose a fund to losses.
- *Dependence on key individuals:* The success of a fund is dependent on the expertise of its managers. The loss of one or more individuals could have a material adverse effect on the ability of a fund manager to direct a fund's portfolio, resulting in losses for a fund and a decline in the value of a fund. Indeed, certain fund managers may have only one principal, without whom the relevant fund manager could not continue to operate.
- *Experience of fund managers:* Certain funds may be managed by investment managers who have managed hedge funds for a relatively short period of time. The previous experience of such investment managers is typically in trading proprietary accounts of financial institutions or managing unhedged accounts of institutional asset managers or other investment firms. As such investment managers do not have direct experience in managing funds or hedge funds, including

experience with financial, legal or regulatory considerations unique to fund management, and there is generally less information available on which to base an opinion of such managers' investment and management expertise, investments with such investment managers may be subject to greater risk and uncertainty than investments with more experienced fund managers.

- *Risk of fraud:* There is a risk that a fund manager could divert or abscond with the assets, fail to follow agreed-upon investment strategies, provide false reports of operations or engage in other misconduct.
- *Performance compensation payable to fund managers:* The performance-based compensation paid to a fund manager is typically calculated on a basis that includes unrealised appreciation and may consequently be greater than if such compensation were based solely on realised gains. Each fund generally calculates its own performance compensation based on its individual performance, irrespective of increases in the overall value of the fund. Furthermore, when the fund is rebalanced and an unprofitable underlying asset is removed, the loss carried forward by such fund's trading is eliminated for purposes of calculating subsequent performance compensation due to the fund manager of any replacement underlying asset. Thus, there may be substantial incentive compensation due to the relevant fund manager even during a period when the portfolio of assets is incurring significant losses.
- *Concentration risk:* As many hedge funds have the authority to concentrate their investments in securities of a single issuer or industry, the overall adverse impact on one or more components of the fund, and correspondingly on the value of the fund, of adverse movements in the value of such securities could be considerably greater than if the fund were not permitted to concentrate their investments. Moreover, a number of hedge funds included as components in a fund might accumulate substantial positions in the same or related instruments at the same time. As information regarding the actual investments made by such funds is not generally available, the management company will be unable to identify any such accumulations, which could expose the relevant fund to the risk of sudden and severe declines.
- *Risks of leverage:* A fund may borrow without limitation and typically utilise various lines of credit and other forms of leverage. In addition, certain of a fund's investment strategies (primarily those utilising derivative instruments) may involve indirect forms of leverage. While leverage presents opportunities for increasing a fund's total return, it increases the potential risk of loss as well. Any event which adversely affects the value of an investment by a fund is magnified to the extent that such investment is leveraged. Leverage can have a similar effect on issuers in which a fund invests. The use of leverage by a fund could result in substantial losses which would be greater than if leverage had not been used. A fund's assets may be further leveraged or hedged by the use of derivatives. In addition, investments of a fund may include investments in partnerships and other pooled investment vehicles, which themselves employ leverage to a significant extent. Such investments are subject to the same leverage risks as described above and a fund could lose its entire investment. As a general matter, the banks and dealers that provide financing to a fund can apply essentially discretionary margin, haircut, financing and security and collateral valuation policies. Changes by banks and dealers in these policies may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous net asset values.
- *Non-deductible taxes:* As funds may be resident in so-called off-shore jurisdictions, which have not entered into any double taxation conventions with other countries, any income of such fund may be

subject to taxation in the countries of origin. As such withholding taxes are non-deductible due to the fact that such funds are not subject to income taxation in their countries of residence, the fund's net income may be reduced which may have a negative impact on the performance of such fund.

- *Investment criteria:* It may be difficult to specify precisely or comprehensively the strategies of a fund. As a result, it may not sometimes be clear whether or not a fund fulfils the investment criteria set out in its offering document.
- *Risks of equity investments:* The investment orientation of a fund may be based to a significant extent on equity investments. Investment in equity securities to aggressively seek capital appreciation is speculative and is generally perceived to encompass greater risks than those involved in connection with an investment in debt securities of comparable issuers.
- *Risks of fixed income investments:* A fund may invest in fixed income securities and, therefore, may be exposed to the risk of default by the issuers of such securities. Such default may result in delays in payment, or non-payment of interest or principal when due. Furthermore, the net asset value of fixed income securities may also fluctuate with changes in prevailing interest rates and/or in the creditworthiness of the issuer, and these fluctuations may result in a loss of capital by a fund.
- *Risks of collective investment schemes:* Some funds may invest in other collective investment schemes. Investment in schemes of this type may afford the investor less transparency in respect of the ultimate assets of the scheme.
- *Large transactions:* Large subscriptions and redemptions may result in the liquidation or dilution of fund assets that may affect the net asset value of such fund.
- *Emerging markets:* A fund may invest in securities of governments of, or companies domiciled in, less-developed or emerging markets. See “Risks relating to Notes which are linked to emerging market Reference Item(s)” below. Custody arrangements in such countries may also present enhanced risk.
- *Risks of repos:* A fund may use repurchase agreements. Under a repurchase agreement, a security is sold to a buyer and at the same time the seller of the security agrees to buy back the security at a later date at a higher net asset value. In the event of a bankruptcy or other default of the transferor of securities in a repurchase agreement, a fund could experience delays in liquidating the underlying securities and losses, including possible declines in the value of the collateral during the period while it seeks to enforce its rights thereto; possible subnormal levels of income and lack of access to income during this period and the expenses of enforcing its rights. In the case of a default by the transferee of securities in a repurchase agreement, the management company bears the risk that the transferee may not deliver the securities when required.
- *Risks of currency speculation:* A fund may engage in exchange rate speculation. Foreign exchange rates have been highly volatile in recent years. The combination of volatility and leverage gives rise to the possibility of large profit but also carries a high risk of loss. In addition, there is counterparty credit risk since foreign exchange trading is done on a principal to principal basis.
- *Risks of commodity futures:* Commodity futures prices can be highly volatile. As a result of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures

contract may result in substantial losses to the investor. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested.

- *Risks of derivative instruments:* A fund may use derivative instruments, such as collateralised debt obligations, stripped mortgage-backed securities, options and swaps. There are uncertainties as to how the derivatives market will perform during periods of unusual price volatility or instability, market illiquidity or credit distress. Substantial risks are also involved in borrowing and lending against such instruments. The prices of these instruments are volatile, market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets may move against the positions held by a fund, thereby causing substantial losses. Most of these instruments are not traded on exchanges but rather through an informal network of banks and dealers. These banks and dealers have no obligation to make markets in these instruments and may apply essentially discretionary margin and credit requirements (and thus, in effect, force a fund to close out its relevant positions). In addition, such instruments carry the additional risk of failure to perform by the counterparty to the transaction. Government policies, especially those of the U.S. Federal Reserve Board and non-U.S. central banks, have profound effects on interest and exchange rates which, in turn, affect prices of derivative instruments. Many other unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations.
- *Risks of short selling:* A fund may sell securities short. Short selling exposes a fund to theoretically unlimited risk due to the lack of an upper limit on the price to which a security may rise. Short selling involves the sale of borrowed stock. If a stock loan is called, the short seller may be forced to repurchase the stock at a loss. In addition, some traders may attempt to profit by forcing short sellers to incur a loss. Traders may make large purchases of a stock that has been sold short. The large purchases are intended to drive up the stock price, and cause the short sellers to incur losses. By doing this, the traders hope the short sellers will limit their losses by repurchasing the stock and force the stock price even higher.
- *Risks of arbitrage:* The use of arbitrage strategies by a fund in no respect should be taken to imply that such strategies are without risk. Substantial losses may be incurred on “hedge” or “arbitrage” positions, and illiquidity and default on one side of a position may effectively result in the position being transformed into an outright speculation. Every arbitrage strategy involves exposure to some second order risk of the market, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds or the net asset value spread between different classes of stock for the same underlying firm. Further, there are few examples of “pure” arbitrage funds. Most funds also employ limited directional strategies which expose them to market risk.
- *Credit risk:* Many of the markets in which a fund effects its transactions are “over-the-counter” or “inter-dealer” markets. The participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. To the extent that a fund invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, such fund may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterised by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two

counterparties generally do not benefit from these protections, which in turn may subject a fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Such "counterparty risk" is increased for contracts with longer maturities when events may intervene to prevent settlement. The ability of a fund to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses.

- *Risks relating to controlling stakes:* A fund may take controlling stakes in companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise and other types of related liability.

As the shares of certain funds may only be redeemable on certain dates, there is a risk of delays or defaults in payment

The shares of a fund may only be redeemable on certain redemption dates, subject to the prescribed notice period in respect of such fund. This gives rise to a time delay between the execution of an order for redemption and payment of the proceeds on such redemption. If the fund becomes insolvent following the date on which a redemption order would have to be notionally placed or the Calculation Agent determines that the relevant fund would fail to pay to any shareholder in cash the full redemption proceeds owing to them if they redeemed their shares on the relevant date, an adjustment may be made by the Calculation Agent when calculating the return on the Fund Linked Notes to the net asset value per share of the relevant fund, thereby reducing the return on the Fund Linked Notes.

In the case of Fund Linked Notes linked to Exchange Traded Funds ("ETFs"), if the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time, any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay settlement in respect of the Notes. Potential investors should review the relevant Terms and Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Fund Linked Notes.

The market price of Fund Linked Notes may be volatile and may depend on the time remaining to the redemption date or settlement date (as applicable) and the volatility of the price of fund share(s) or unit(s). The price of fund share(s) or unit(s) may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any units in the fund or funds may be traded.

(vii) *Credit Linked Notes*

The Issuer may issue Credit Linked Notes, which are securities whose performance is linked to the performance of one or more Reference Entities and the obligations of such Reference Entity/ies. An investment in Credit Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

Investors should note that Credit Linked Notes differ from ordinary debt securities issued by the Issuer in that the amount of principal and interest payable by the Issuer is dependent on whether a Credit Event has occurred in respect of the relevant Reference Entity/ies. In certain circumstances the Notes will cease to bear interest and the value paid to Noteholders on redemption may be less than their

original investment and may in certain circumstances be zero. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in Credit Linked Notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation.

Investors in the Notes will be exposed to the credit risk of the Reference Entity. Prospective purchasers of the Notes should conduct their own investigations and, in deciding whether or not to purchase the Notes, should form their own views of the merits of an investment related to the Notes based upon such investigations. In particular, each investor contemplating purchasing any Notes should make its own appraisal of the Reference Entity. If in doubt, potential investors are strongly recommended to consult with their independent legal and financial advisers before making any investment decision. Neither the Issuer nor any other person on their behalf makes any representation or warranty, express or implied, as to the credit quality of the Reference Entity. The Issuer may have acquired, or during the term of the Notes may acquire, confidential information with respect to the Reference Entity and is not required to disclose this information to the Noteholder or any other party.

Holders of Credit Linked Notes will have a contractual relationship only with the Issuer and not with any obligor in respect of any Reference Obligation or any Reference Entity. Consequently, the Credit Linked Notes will not constitute a purchase or other acquisition or assignment of any interest in any Reference Obligation or any Reference Entity. Holders of Credit Linked Notes will have rights solely against the Issuer and will have no recourse against the obligor in respect of any Reference Obligation or any Reference Entity. The Noteholders will not have any rights to acquire from the Issuer (or to require the Issuer) to transfer, assign or otherwise dispose of any interest in any Reference Obligation or any Reference Entity.

The Credit Linked Notes are linked to the creditworthiness of the relevant Reference Entity/ies. The likelihood of a Credit Event occurring in respect of any Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of such Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

Any quotations used in the calculation of the Cash Settlement Amount may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates. The obligations selected, even absent a Credit Event, may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of a Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will impact on the amount by which the Cash Settlement Amount of the Notes may be reduced. The Calculation Agent is entitled to select the obligation which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Reference Obligation – for the purposes of calculating the amount by which the Cash Settlement Amount is reduced following a Credit Event.

Some Reference Obligations may have no, or only a limited, trading market. The liquidity of Reference Obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the relevant Reference Entity/ies. The financial markets have experienced periods of volatility and reduced liquidity which may re-occur and reduce the market value of the relevant Reference Obligation(s).

Some or all of the Reference Obligations may also be subject to restrictions on transfer and may be considered illiquid. If a Credit Event occurs in respect of a Reference Entity, any resulting diminution in market value of the related Reference Obligation could be further magnified by reason of such limited liquidity for Reference Obligations generally or that Reference Obligation in particular.

Investors in the Credit Linked Notes will be exposed to the credit risk of the Reference Entity from the Credit Event Backstop Date. The Credit Event Backstop Date may be a date prior to the Issue Date of the Notes.

The terms and conditions of Credit Linked Notes do not incorporate by reference the definitions and provisions of the 2003 ISDA Credit Derivatives Definitions (the “**Credit Derivatives Definitions**”) and there may be differences between the definitions used with respect to Credit Linked Notes and the Credit Derivatives Definitions. Consequently, investing in the Credit Linked Notes is not exactly equivalent to investing in a credit default swap that incorporates the Credit Derivatives Definitions.

While ISDA has published and supplemented the Credit Derivatives Definitions in order to facilitate transactions and promote uniformity in the credit derivative market, the credit derivative market has evolved over time and is expected to continue to change. Consequently, the Credit Derivatives Definitions and the terms applied to credit derivatives, including credit linked securities, are subject to interpretation and further evolution. Past events have shown that the views of market participants may differ as to how the Credit Derivatives Definitions operate or should operate. As a result of the continued evolution in the market, interpretation of the Credit Linked Notes may differ in the future because of future market standards. Such a result may have a negative impact on the Credit Linked Notes. Future amendments or supplements to the terms applicable to credit derivatives generally will only apply to Credit Linked Notes that have already been issued if the Issuer and the Noteholders agree to amend the Credit Linked Notes to incorporate such amendments or supplements and other conditions to amending the Credit Linked Notes have been met.

Credit Derivatives Determinations Committees were established pursuant to the March 2009 Supplement to the 2003 ISDA Credit Derivatives Definitions to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. In making any determination the Issuer or the Calculation Agent may have regard to decisions made by announcements, determinations and resolutions made by ISDA and/or the ISDA Credit Derivatives Determinations Committees. Such announcements, determinations and resolutions could affect the redemption and settlement of the Credit Linked Notes (including the quantum and timing of payments and/or deliveries on redemption). For the avoidance of doubt, neither the Issuer nor the Calculation Agent accept any liability to any person for any determinations, redemption, calculations and/or delay or suspension of payments and/or redemption of Credit Linked Notes resulting from or relating to announcements, publications, determinations and resolutions made by ISDA and/or any Credit Derivatives Determinations Committee. Further information about the Credit Derivatives Determinations Committee may be found at www.isda.org/credit.

By subscribing for or purchasing Credit Linked Notes, each Noteholder shall be deemed to agree that (i) no DC Party and no legal counsel or other third-party professional hired by a DC Party in connection with such DC Party's performance of its respective duties under the Rules and/or any relevant Credit Derivatives Auction Settlement Terms, as applicable, shall be liable to Noteholders, and (ii) no DC Party and no legal counsel or other third-party professional hired by a DC Party in connection with such DC Party's performance of its respective duties under the Rules and/or any

relevant Credit Derivatives Auction Settlement Terms is acting as fiduciary for, or as an advisor to, Noteholders.

If Auction Settlement is applicable in respect of any Credit Linked Note, then the amounts payable by and/or rights and obligations of the parties under such Credit Linked Note in respect of the relevant Reference Entity or Reference Obligation, will be determined in accordance with the Auction Final Price. The Noteholder takes the risk that where the Auction Final Price is used, this may result in a lower recovery value than a Reference Entity or Reference Obligation would have if such Auction Final Price had not been used. Also, the relevant Issuer may have a conflict of interest to the extent that it participates in any auction or other process used to determine the Auction Final Price and is under no obligation to consider the interests of Noteholders when so acting.

Please refer to the “*Definitions*” section at the end of the section headed “*General Terms for Credit Linked Notes*” for defined terms used above.

(viii) *Inflation Linked Notes*

General

The Issuer may issue Inflation Linked Notes, which are securities whose performance is linked to the performance of one or more rates of inflation. An investment in Inflation Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

A relevant consumer price index or other formula linked to a measure of inflation to which the Notes are linked may be subject to significant and unforeseeable fluctuations that may not correlate with general changes in interest rates, currencies or other indices. The timing of changes in the relevant consumer price index or other formula linked to a measure of inflation to which the Notes are linked may affect the amount that investors in Inflation Linked Notes receive, even if the average level is consistent with their expectations.

A relevant consumer price index or other formula linked to a measure of inflation to which the Inflation Linked Notes are linked is only one measure of inflation for the relevant jurisdiction and may not correlate perfectly with the rate of inflation experienced by holders of the relevant Inflation Linked Notes in such jurisdiction.

Exposure to modification and disruption events

Upon determining that certain events have occurred in relation to Inflation Linked Notes, the Calculation Agent has broad discretion to make certain determinations to account for such events including to (i) make adjustments to the terms of the Inflation Linked Notes (including replacing the affected relevant consumer price index or other formula by another consumer price index or formula) and/or (ii) cause the early redemption/settlement of the Inflation Linked Notes, any of which determinations may have an adverse effect on the value of the Inflation Linked Notes.

(ix) *Commodity Linked Notes*

General

The Issuer may issue Commodity Linked Notes, which are securities whose performance is linked to the performance of a commodity (or basket of commodities). An investment in Commodity Linked

Notes entails significant risks in addition to those associated with investments in a conventional debt security.

Ownership of the Commodity Linked Notes will not entitle an investor to any rights with respect to any futures contracts or commodities included in or tracked by the Reference Item(s)

An investor will not own or have any beneficial or other legal interest in, and will not be entitled to any rights with respect to, any of the commodities or commodity futures included in such Reference Item(s). Neither the relevant Issuer nor the Guarantor will invest in any of the commodities or commodity futures contracts included in such Reference Item(s) on behalf or for the benefit of the Holders.

Factors affecting the performance of Commodities may adversely affect the value of the relevant Commodity Linked Notes; Commodity prices may be more volatile than other asset classes

The prices of commodities may be volatile and may fluctuate substantially if, for example, natural disasters or catastrophes, such as hurricanes, fires, or earthquakes, affect the supply or production of such commodities. Commodity prices also fluctuate due to general macro-economic forces and general market movements. The price of commodities may also fluctuate substantially if conflict or war affects the supply or production of such commodities. If any amount payable in respect of a Commodity Linked Note is linked to the price of a commodity, any change in the price of such commodity may result in the reduction of the amount of such payment in respect of a Commodity Linked Note. The reduction in the amount payable on the redemption/settlement of the Commodity Linked Note may result, in some cases, in a holder receiving a smaller sum on redemption/settlement of the Commodity Linked Note than the amount originally invested in such Commodity Linked Note.

Commodities may reference physical commodities or commodity contracts, and certain commodity contracts may be traded on unregulated or “under-regulated” exchanges

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

Commodity contracts may be traded on regulated specialised futures exchanges (such as futures contracts). Commodity contracts may also be traded directly between market participants “over-the-counter” on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. Accordingly, trading in such “over-the-counter” contracts may not be subject to the same provisions as, and the protections afforded to, contracts traded on regulated specialised futures exchanges, and there may therefore be additional risks related to the liquidity and price histories of the relevant contracts and any Commodity Linked Notes which reference any such commodity contracts may have reduced liquidity or greater price volatility or be subject to more extensive market disruptions.

Commodity Linked Notes which are linked to commodity futures contracts may provide a different return from Commodity Linked Notes linked to the relevant physical commodity and will have certain other risks

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

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

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

Additional risks in relation to the “rolling” of commodity futures contracts (including commodity futures contracts which are components of a commodity index)

Commodity contracts have a predetermined expiration date, which is the date on which trading of the commodity contract ceases. Holding a commodity contract until expiration will result in delivery of the underlying physical commodity or the requirement to make or receive a cash settlement. Alternatively, “rolling” the commodity contracts means that the commodity contracts that are nearing expiration (the “**near-dated commodity contracts**”) are sold before they expire and commodity contracts that have an expiration date further in the future (the “**longer-dated commodity contracts**”) are purchased.

Investments in commodities apply “rolling” of the component commodity contracts in order to maintain an ongoing exposure to such commodities.

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

- (a) The investment in commodity contracts may be increased or decreased through “rolling”: Where the price of a near-dated commodity contract is greater than the price of the longer-dated commodity contract (the commodity is said to be in “backwardation”), then “rolling” from the

former to the latter will result in exposure to a greater number of the longer-dated commodity contract being taken. Therefore, any loss or gain on the new positions for a given movement in the prices of the commodity contract will be greater than if one had synthetically held the same number of commodity contracts as before the “roll”. Conversely, where the price of the near-dated commodity contract is lower than the price of the longer-dated commodity contract (the commodity is said to be in “contango”), then “rolling” will result in exposure to a smaller number of the longerdated commodity contract being taken. Therefore, any gain or loss on the new positions for a given movement in the prices of the commodity contract will be less than if one had synthetically held the same number of commodity contracts as before the “roll”.

- (b) Where a commodity contract is in contango (or, alternatively, backwardation) such may be expected to (though it may not) have a negative (or, alternatively, positive) effect over time: Where a commodity contract is in “contango”, then the price of the longer-dated commodity contract will generally be expected to (but may not) decrease over time as it nears expiry. In such event, rolling is generally expected to have a negative effect on an investment in the commodity contract. Where a commodity contract is in “backwardation”, then the price of the longer-dated commodity contract will generally be expected to (but may not) increase over time as it nears expiry. In such event, the investment in the relevant commodity contract can generally be expected to be positively affected.

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

Legal and regulatory changes relating to the commodities may lead to an early redemption

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

Commodities are subject to legal and regulatory regimes in the United States and, in some cases, in other countries that may change in ways that could negatively affect the value of the Commodity Linked Notes. For example, the U.S. Congress is considering legislation intended to decrease speculation and increase transparency in the commodities markets. If enacted, such legislation may, among other things, require the U.S. Commodity Futures Trading Commission (“CFTC”) or exchanges to adopt rules establishing position limits on positions in commodity futures contracts. Such legislation could have an unpredictable impact on the value of any Commodity Linked Notes. In addition, if the commodities are traded on a non- U.S. exchange, those foreign markets may be more susceptible to disruption than U.S. exchanges due to the lack of a government-regulated clearinghouse

system and may be subject to exchange controls, expropriation, burdensome or confiscatory taxation, or moratoriums and political or diplomatic events.

(x) *FX Linked Notes*

General

The Issuer may issue FX Linked Notes, which are securities whose performance is linked to the performance of a foreign exchange rate. An investment in FX Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

The foreign exchange rate(s) to which the Notes are linked will affect the nature and value of the investment return on the FX Linked Notes (or any other Notes which expose the investor to foreign exchange risks). The performance of foreign exchange rates is dependent upon the supply and demand for currencies in the international foreign exchange markets. These markets are subject to international and domestic political factors, economic factors (including inflation rates in the country concerned), currency convertibility, speculation and measures taken by government and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a Relevant Currency which would affect the return on the FX Linked Note or ability of the Issuer to make delivery in the Relevant Currency.

Exposure to modification and disruption events

Upon determining that certain events have occurred in relation to FX Linked Notes, the Calculation Agent has broad discretion to make certain determinations to account for such events including to (i) calculate the relevant spot rate of exchange on other days and using other methods or price sources (ii) make adjustments to the terms of the FX Linked Notes (including, where applicable, replacing an affected currency and/or exchange rate with another currency and/or exchange rate) and/or (iii) cause the early redemption/settlement of the FX Linked Notes, any of which determinations may have an adverse effect on the value of the FX Linked Notes.

(xi) *Debt Linked Notes*

General

An investment in Debt Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. An investment in a Debt Linked Note may not provide the same level of return as a direct investment in the underlying Debt Instrument.

Exposure to modification and disruption events

In certain circumstances, the Calculation Agent has broad discretion to make certain determinations and adjustments, to replace the original Debt Instrument with another and/or to cause early redemption/settlement of the Notes, any of which may be adverse to Noteholders. The Calculation Agent may determine that the consequence of any such event is to make adjustments to the Notes, or to replace the original Debt Instrument with another or to cause early redemption/ settlement of the Debt Linked Notes. The consequences of such amendments could adversely affect the market value of the Debt Linked Notes.

*(xii) Interest Rate Linked Notes**General*

An investment in Interest Rate Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. An investment in a Interest Rate Linked Note may not provide the same level of return as a direct investment in the underlying Interest Rate.

Factors affecting the value of the Interest Rate Linked Notes

An investment in Interest Rate Linked Notes may bear similar market risks to a direct interest rate investment and potential investors should take advice accordingly.

Potential investors in any such Notes should be aware that, depending on the terms of the Reference Item (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose a substantial portion of their investment. In addition, movements in interest rates may be subject to significant fluctuations that may not correlate with changes in other indices and the timing of changes in the interest rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in interest rates, the greater the effect on yield.

Interest rates are determined by various factors which are influenced by macro economic, political or financial factors, speculation and central bank and government intervention. In recent years, interest rates have been relatively low and stable, but this may not continue and interest rates may rise and/or become volatile. Fluctuations that have occurred in any interest rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Note. Fluctuations in interest rates will affect the value of Interest Rate Linked Notes.

If the amount of principal and/or interest payable are dependent upon movements in interest rates and are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the interest rates on principal or interest payable will be magnified.

The market price of Interest Rate Linked Notes may be volatile and, if the amount of principal and/or interest payable is dependent upon movements in interest rates, may depend upon the time remaining to the redemption date and the volatility of interest rates. Movements in interest rates may be dependent upon economic, financial and political events in one or more jurisdictions.

(xii) Risks relating to Notes which are linked to emerging market Reference Item(s)

Where the terms and conditions of the Notes reference one or more emerging market Reference Item(s), investors in such Notes should be aware that the political and economic situation in countries with emerging economies or stock markets may be undergoing significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristics of more developed countries, including a significant risk of currency value fluctuation. Such instability may result from, among other things, authoritarian governments, or military involvement in political and economic decision-making, including changes or attempted changes in governments through extra constitutional means; popular unrest associated with demands for improved political, economic or social conditions; internal insurgencies; hostile relations with neighbouring countries; and ethnic, religious and racial disaffections or conflict. Certain of such countries may have in the past failed to recognise private property rights and have at times nationalised or expropriated the assets of private

companies. As a result, the risks from investing in those countries, including the risks of nationalisation or expropriation of assets, may be heightened. In addition, unanticipated political or social developments may affect the values of a Reference Item investment in those countries. The small size and inexperience of the securities markets in certain countries and the limited volume of trading in securities may make the emerging market Reference Item(s) illiquid and more volatile than investments in more established markets. There may be little financial or accounting information available with respect to local issuers, and as a result it may be difficult to assess the value or prospects of the Reference Item(s).

(xiii) Notes providing for the application of a cap to the Reference Item(s)

The Notes may provide for the application of a maximum return payable or deliverable to investors or of a maximum value or level to the relevant Reference Item(s) known as a “cap”.

In such case, the amounts payable or deliverable to investors will be subject to the pre-determined maximum. If the relevant Reference Item(s) out-performs the pre-determined maximum, this will not be taken into consideration when calculating the amount payable or deliverable in respect of the Notes.

(xiv) Application of multipliers to Floating Rate

To the extent that Multiplier or Reference Rate Multiplier applies in respect of the determination of the Interest Rate for the Notes, investors should be aware that any fluctuation of the underlying floating rate will be amplified by such multiplier. Where the Multiplier is less than 1, this may adversely affect the return on the Notes.

(xvii) Maximum/Minimum Interest Rate

Potential investors should also consider that, with respect to the Notes providing for a Floating Rate, where the underlying interest rate does not rise above the level of the Minimum Interest Rate, comparable investments in notes which pay interest based on a fixed rate which is higher than the Minimum Interest Rate are likely to be more attractive to potential investors than an investment in the Notes. Under those conditions, investors in the Notes might find it difficult to sell their Notes on the secondary market (if any) or might only be able to realise the Notes at a price which may be substantially lower than the nominal amount.

To the extent a Maximum Interest Rate applies, investors should be aware that the Interest Rate is capped at such Maximum Interest Rate level. Consequently, investors may not participate in any increase of market interest rates, which may also negatively affect the market value of the Notes.

(xviii) Notes issued at a substantial discount or premium

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

(xix) No gross up on withholding tax

To the extent that the Issuer is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or on behalf of the Republic of Italy or the Grand Duchy of Luxembourg (as appropriate), the Issuer may not be under an obligation to pay any additional amounts to Noteholders.

(xx) Notes subject to optional redemption by the Issuer

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

At those times, an investor generally would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

(xxi) Redemption for tax reasons

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer (i) would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Luxembourg or Italy (as appropriate) or any political subdivision thereof or any authority therein or thereof having power to tax or (ii) would become subject to more than a *de minimis* additional amount of taxes due to limitation to the deductibility of payments under any Notes (provided that, with respect to Mediobanca, any additional amount of national income taxes arising from a limitation of the deductibility of interest payments exceeding the 4% percentage set forth, as at the date of this Base Prospectus, in Article 96, paragraph 5-bis of the Italian Presidential Decree No. 917 of 22 December 1986 (“**Decree No. 917**”), would be considered as exceeding the aforesaid *de minimis* additional amount), the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

(xxii) Redemption upon the occurrence of an Interest Barrier Event or a Redemption Barrier Event

In certain circumstances, if the value of the underlying Reference Item reaches certain levels, the relevant Notes may (in the case of the occurrence of an Interest Barrier Event) cease to bear interest and, if applicable, may be redeemed early.

At those times, an investor generally would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

(xxiii) Disrupted Days

The Specific Terms and Conditions for a series of Notes may contain provisions which provide for the postponement of certain days on which the value of the underlying Reference Item is determined to the extent that such days are Disrupted Days. In such circumstances, the relevant Interest Payment Date,

Maturity Date or other date on which an amount may be paid in respect of such Notes may be delayed by up to three Business Days following the date to which the original date is postponed in accordance with the relevant Specific Terms and Conditions. No additional amounts shall be payable in respect of such postponement of any payment of any amount in respect of the Notes.

(C) *Risks related to Notes generally*

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

(i) Certain Factors Affecting the Value and Trading Price of Notes

The Final Redemption Amount (in the case of Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes or FX Linked Notes) or the value of the Entitlement (in the case of Physical Delivery Notes) at any time prior to maturity is typically expected to be less than the trading price of such Notes at that time. The difference between the trading price and the Final Redemption Amount or the value of the Entitlement, as the case may be, will reflect, among other things, a "time value" for the Notes. The "time value" of the Notes will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the Reference Item. Notes offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Reference Item, as well as by a number of other interrelated factors, including those specified herein.

Before selling Notes, holders should carefully consider, among other things, (i) the trading price of the Notes, (ii) the value and volatility of the share (or basket of shares), the index (or basket of indices), the fund (or basket of funds), the price of credit protection in relation to the relevant reference entity or entities, the rate of inflation, the commodity (or basket of commodities) or the exchange rate that is specified in the applicable Final Terms as being the relevant Reference Item(s), (iii) the time remaining to maturity, (iv) in the case of Notes which are not Physical Delivery Notes, the probable range of Final Redemption Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the share (or basket of shares), the index (or basket of indices), the fund (or basket of funds), the price of credit protection in relation to the relevant reference entity or entities, the rate of inflation, the commodity (or basket of commodities) or the exchange rate that is specified in the applicable Final Terms as being the relevant Reference Item(s) and (viii) any related transaction costs.

(ii) Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Notes to hedge against the market risk associated with investing in a share (or basket of shares), an index, a fund (or basket of funds), an obligation of the relevant reference entity or entities, the rate of inflation, a commodity (or basket of commodities) or an exchange rate that is specified in the applicable Final Terms as being the Reference Item(s), should recognise the complexities of utilising Notes in this manner. For example, the value of the Notes may not exactly correlate with the value of the relevant Reference Item(s). Due to fluctuating supply and demand for the Notes, there is no assurance that their value will correlate with movements of the relevant Reference Item(s). For these reasons, among others, it may not be possible to purchase or liquidate Notes in a portfolio at the prices used to calculate the value of any relevant Reference Item(s).

The Issuer and/or any of its respective Affiliates or agents may from time to time hedge the Issuer's obligations under Notes (and under other instruments and OTC contracts issued by or entered into from

time to time by the Issuer and/or any of its respective Affiliates or agents relating to such securities) by taking positions, directly or indirectly, in the relevant Reference Item(s). Although the Issuer has no reason to believe that such hedging activities will have a material impact on the price of the relevant Reference Item(s), there can be no assurance that such hedging activities will not adversely affect the value of the Notes.

(iii) Change of law

Unless otherwise provided in the Final Terms, the Terms and Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Italian law (when applicable), or administrative practice after the date of this Base Prospectus.

(iv) Procedures of clearing systems

Unless otherwise provided in the relevant Final Terms, Notes issued under the Programme may be represented by one or more Global Notes and such Global Notes will be deposited with a common depositary or (where applicable) common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system provided in the relevant Final Terms will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system to appoint appropriate proxies.

(v) Modification

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

The Base Conditions of the Notes contained in Chapter 2 also provide that the Issuer and the Guarantor may, without the consent of Noteholders, correct (i) any manifest error in the Terms and Conditions of the Notes and/or in the relevant Final Terms, (ii) any error of a formal, minor or technical nature in the Terms and Conditions of the Notes and/or in the relevant Final Terms or (iii) any inconsistency in the Terms and Conditions of the Notes and/or in the relevant Final Terms between the Terms and Conditions of the Notes and/or the relevant Final Terms and any other documents prepared in connection with the issue and/or offer of a Series of Notes (provided such correction is not materially

prejudicial to the holders of the relevant Series of Notes). Any such correction shall be binding on the holders of the relevant Notes and the Issuer and the Guarantor (if applicable) shall cause such correction to be notified to the holders of the Notes as soon as practicable thereafter pursuant to Base Condition 12 (*Notices*) of the Notes.

(vi) *Conflict of Interest*

Investors should note that Notes issued under the Program may be underwritten by Dealers who receive in consideration underwriting commissions and selling concessions. The relevant Issuer may also offer and sell Notes directly to investors without the involvement of any Dealer. In addition, Mediobanca may act as market maker or specialist or perform other similar roles in connection with the Notes: potential conflicts of interest may exist between Mediobanca acting in such capacity on the one hand, and investors in the Notes on the other.

(vii) *Impossibility to know the amount of the Notes in circulation on the date of issue*

The Notes may be issued and withheld by the Issuer for the progressive sale on the market in accordance with investors' demand. In this context an investor who acquires the Notes does not know at the moment of purchase how much of the issued Notes effectively are publicly traded, with the consequence that the amount in circulation could be meagre and may not guarantee successively adequate liquidity in the Notes.

(viii) *Issue of subsequent tranche*

In the event the Issuer decides to issue further Notes having the same terms and conditions as an already existing Series of Notes (or in all respects except for the Issue Price, the Issue Date and/or the first payment of interest) and so that the further Notes shall be consolidated and form a single series with the original Notes, the greater nominal amount in circulation could lead to greater liquidity in the secondary market with a consequent negative impact on the price of the relevant Series of the Notes.

(ix) *Physical Delivery Notes*

In order to receive the Entitlement in respect of a Physical Delivery Note, the holder of such Note must (i) duly deliver to the Clearing System and/or Paying Agents, as specified in the Note Final Terms, a duly completed Asset Transfer Notice on or prior to the relevant time on the Cut-Off Date and (ii) pay the relevant Expenses. As used in the Terms and Conditions, "Expenses" includes any applicable depositary charges, transaction or exercise charges, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes arising from the redemption, exercise and settlement (as applicable) of such Notes and/or the delivery of the Entitlement.

In the case of Physical Delivery Notes (other than Credit Linked Notes), if a Settlement Disruption Event occurs or exists on the Maturity Delivery Date (in the case of Notes), settlement will be postponed until the next date on which no Settlement Disruption Event occurs. The relevant Issuer in these circumstances has the right to pay the Disruption Cash Settlement Price in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Notes. In addition, if "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Note Final Terms, and in the opinion of the Calculation Agent it is impossible or impracticable to deliver some or all of the Relevant Assets comprising the Entitlement when due as a result of illiquidity in the market for the Relevant Assets, the relevant Issuer has the right to pay the Failure to Deliver Settlement Price

in lieu of delivering those Relevant Assets. Any Disrupted Cash Settlement Price or Failure to Deliver Settlement Price may be significantly less than Holders expected to receive prior to such Settlement Disruption Event or Calculation Agent determination.

In relation to Physical Delivery Notes, under the Guarantee, the Guarantor has the right at all times to elect not to deliver or procure delivery of the Entitlement to the holders of Physical Delivery Notes, but in lieu thereof to pay an amount in cash equal to the Guaranteed Cash Settlement Amount specified in the applicable Final Terms. Such cash payment will constitute a complete discharge of the Guarantor's obligations in relation to such Physical Delivery Notes.

If so indicated in the applicable Note Final Terms, the relevant Issuer has an option to vary settlement in respect of the Notes. If exercised by the relevant Issuer, Physical Delivery Notes may be cash settled or cash settled Notes may be physically settled. Exercise of such option may affect the value of the Notes.

(x) *Hedge Unwind Costs*

To the extent applicable Final Terms specify that "Hedge Unwind Adjustment" shall apply, the amount that Noteholders may receive in certain circumstances will be adjusted upwards or downwards to reflect the pro rata Hedge Unwind Costs. The Hedge Unwind Costs are the costs of unwinding any associated hedging transactions, including but not limited to any hedging and/or funding transactions.

(xi) *EU Savings Directive*

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

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States of the European Economic Area, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such person in favour of, a beneficial owner that is an individual resident in a Member State of the European Economic Area (Switzerland has recently accepted to exchange information with EU Members States). In addition, the Member States of the European Economic Area have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State of the European Economic Area to, or collected by such person in favour of, an individual resident in one of those territories.

On 24 March 2014, the European Council adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Directive to include certain additional types of income, and widen the range of recipients, payments to whom are covered by the Directive, to include certain other types of entity

and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

(xii) U.S. Foreign Account Tax Compliance Withholding

The Issuer, the Guarantor and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are not yet outstanding as of the date (the "**Grandfathering Date**") that is six months after the date on which final U.S. Treasury regulations define the term "foreign passthru payment" or are materially modified from that date and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") or similar law implementing an intergovernmental approach to FATCA.

This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "Participating FFI"), (ii) the Issuer has a positive "passthru payment percentage" (as determined under FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

FATCA is particularly complex and its application is uncertain at this time. On 10 January 2014 the Italian Government entered into an Intergovernmental Agreement (the "**IGA**") with the U.S.A. Government, relating to the implementation of FATCA. At the date hereof, the Italian Parliament has not yet implemented the IGA into Italian law. Once implemented, the IGA will have retroactive effect from 1 July 2014. According to the IGA, different rules than those described above may apply. On March 28, 2014 Luxembourg concluded an intergovernmental agreement to "Improve International Tax Compliance and with respect to the United States Information and Reporting Provisions Commonly Known as the Foreign Account Tax Compliance Act" (the "**Luxembourg IGA**"). Under the Luxembourg IGA, the United States and the Luxembourg have agreed to implement FATCA through domestic reporting duties for financial institutions, an automatic exchange of account information between the public authorities of the two countries and on the basis of existing bilateral tax treaties. The Luxembourg Parliament must ratify the IGA under Luxembourg law before it enters into force. The application of FATCA to Notes may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

(D) Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk that may be relevant in connection with an investment in Notes:

(i) *The secondary market generally*

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

The Issuer has no obligation to purchase the Notes from the Noteholders. However, should the Issuer decide to purchase the Notes, the secondary market pricing that the Issuer may provide on the Notes may reflect the unwinding cost of the hedging portfolio (if any) and/or the loss of profit (*lucro cessante*) related to such hedging portfolio.

(ii) *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest, if any, on the Notes in the Relevant Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than the Relevant Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Relevant Currency, or revaluation of the Investor's Currency or due to the official redenomination of the Relevant Currency and/or Investor's Currency) and the risk that authorities with jurisdiction over Relevant Currency and/or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Relevant Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest, principal or other amount than expected, or no interest or principal or other amount.

(iii) *Credit ratings may not reflect all risks*

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

(iv) *Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to

determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Each prospective investor should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

(v) *Impact of implicit fees on the Issue/Offer Price*

Investors should note that implicit fees (e.g. placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Notes, but such fees will not be taken into account for the purposes of determining the price of the relevant Notes in the secondary market.

The Issuer will specify in the relevant Final Terms the type and amount of any implicit fees which are applicable from time to time.

Investors should also take into consideration that if Notes are sold on the secondary market immediately following the offer period relating to such Notes, the implicit fees included in the Issue/Offer Price on initial subscription for such Notes will be deducted from the price at which such Notes may be sold in the secondary market.

(vi) *Certain considerations associated with public offers of Notes*

If Notes are distributed by means of a public offer, under certain circumstances indicated in the relevant Final Terms, the Issuer and/or other entities specified in the Final Terms may have the right to withdraw the offer, which in such circumstances will be deemed to be null and void according to the terms indicated in the relevant Final Terms.

In such case, investors who have already paid or delivered subscription monies for the relevant Notes will be entitled to reimbursement of such amounts, but will not receive any interest that may have accrued in the period between their payment or delivery of subscription monies and the reimbursement of the Notes.

(vii) *Possible Illiquidity of the Notes in the Secondary Market*

It is not possible to predict the price at which Notes will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list or admit to trading Notes on a stock exchange or market. If the Notes are not listed or admitted to trading on any exchange or market, pricing information for the Notes may be more difficult to obtain and the liquidity of the Notes may be adversely affected. If the Issuer does list or admit to trading an issue of Notes, there can be no assurance that at a later date, the Notes will not be delisted or that trading on such exchange or market will not be suspended. In the event of a delisting or suspension of listing or trading on a stock exchange or market, the Issuer will use its reasonable efforts to list or admit to trading the Notes on another exchange or market

The Issuer, or any of its Affiliates may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private agreement. Any Notes so purchased may be held or resold or surrendered for cancellation. The Issuer or any of its Affiliates may, but is not obliged to, be a market-maker for an issue of Notes. Even if the Issuer or such other entity is a market-maker for an issue of Notes, the secondary market for such Notes may be limited.

Investors should note that if an entity is appointed as market-maker or liquidity provider with respect to the Notes in the secondary market, this may, in certain circumstances, affect the price of the Notes in the secondary market.

In addition, all or part of the Notes issued under this Programme may be subscribed upon issuance by the Issuer itself or by its Affiliate(s) for resales thereafter on the basis of investors' demand. Accordingly, investors subscribing for Notes upon their issuance should be aware that there may not be a viable secondary market for the relevant Notes immediately. Even if a market does develop subsequently, it may not be very liquid.

(viii) Listing of Notes

In respect of Notes which are (in accordance with the applicable Final Terms) to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing, provided that if it becomes impracticable or unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to de-list the relevant Notes, although in this case it will use all reasonable endeavours to obtain and maintain (as soon as reasonably practicable after the relevant de-listing) an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide.

If such an alternative admission is not available or is, in the opinion of the Issuer, impracticable or unduly burdensome, an alternative admission will not be obtained.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in, and form part of, this Base Prospectus:

- the audited consolidated annual financial statements as at and for the years ended 30 June 2013 and 2012 of Mediobanca;
- the audited non-consolidated annual financial statements as at and for the years ended 30 June 2013 and 2012 of Mediobanca International;
- the interim financial report for the six months ended 31 December 2013 and 2012 of Mediobanca;
- the interim financial report for the six months ended 31 December 2013 and 2012 of Mediobanca International;
- the English translation of the Mediobanca Registration Document (published in the Italian language on 18 October 2013 and approved by CONSOB on 18 October 2013, report No. 82710/13);
- the Terms and Conditions of the Notes (pages 39 – 61) and the General Terms for the Credit Linked Notes (pages 62 – 106) set out in the Base Prospectus dated 16 December 2009 relating to the Euro 40,000,000,000 Euro Medium Term Note Programme of Mediobanca and Mediobanca International;
- the Terms and Conditions of the Notes (pages 99 – 133), the General Terms for the Credit Linked Notes (pages 134 – 200) and the Additional Terms for Physical Delivery Notes (pages 201 - 206) set out in the Base Prospectus dated 13 January 2011 relating to the Euro 40,000,000,000 Issuance Programme of Mediobanca and Mediobanca International;
- the Terms and Conditions of the Notes (pages 105 – 139), the General Terms for the Credit Linked Notes (pages 140 – 208) and the Additional Terms for Physical Delivery Notes (pages 209 – 214) set out in the Base Prospectus dated 30 November 2011 relating to the Euro 40,000,000,000 Issuance Programme of Mediobanca and Mediobanca International; and
- the Base Terms and Conditions of the Notes (pages 122 – 161), the Specific Terms and Conditions of Notes Linked to a Single Share (pages 199 – 210), the Terms and Conditions of Notes Linked to a Basket of Shares (pages 211 – 222), the Terms and Conditions of Notes Linked to an Index (pages 227 - 235), the Terms and Conditions of Fund Linked Notes (pages 240 - 258), the General Terms for Credit Linked Notes (pages 263 – 330), the Terms and Conditions of Inflation Linked Notes (pages 337 – 351), the Terms and Conditions of Notes Linked to a Single Commodity or Commodity Future (pages 354 – 365), the Terms and Conditions of Notes Linked to a Basket of Commodities or Commodity Futures (pages 366 – 377), the Terms and Conditions of Notes Linked to Debt Instruments (pages 384 – 389), the Terms and Conditions of Notes Linked to Underlying Interest Rate (pages 394 – 398), the Terms and Conditions of Notes Linked to FX Rates (pages 402 – 411) and the General Terms for Physical Delivery Notes (pages 414 – 420) set out in the Base Prospectus dated 18 July 2013 relating to the Structured Note Issuance Programme of Mediobanca and Mediobanca International,

in the case of the above-mentioned financial statements, together with the accompanying notes and (where applicable) auditor's reports, save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement. Where only certain sections of a document referred to above are incorporated by reference to this Base Prospectus, the parts of the document which are not incorporated by reference are either not relevant for prospective investors or are covered elsewhere in this Base Prospectus.

The Issuers will provide, without charge to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy (by electronic means, unless such person requests hard copy) of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseded version of such document will be provided. Request for such documents should be directed to the Issuers at their offices set out at the end of this Base Prospectus. In addition, such documents will be available, without charge, at the principal office of the Paying Agent in Luxembourg and on the Mediobanca's website at the following link (<http://raccoltaproprietaria.mediobanca.it/it/documenti/index.html>) and <http://www.mediobanca.it/en/investor-relations/bilanci/financial-reports.html>) and on the Mediobanca International's website (<http://www.mediobanca.it/en/about-us/locations/luxembourg.html>).

The following table shows where some of the information required under Annex XI of Commission Regulation (EC) No. 809/2004, as amended, can be found in the above mentioned documents incorporated by reference. The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) No. 809/2004, as amended.

Cross-reference list in respect of the Mediobanca Registration Document

| | | |
|------|-----------------------------------|--------------|
| III | Risk factors | Pages 6 to 9 |
| VII | Future trends | Page 26 |
| VIII | Forecasts or estimates of profits | Page 27 |

Cross-reference list in respect of the Mediobanca and Mediobanca International financial statements

| Mediobanca - Consolidated annual financial statements | | |
|--|----------------------|----------------------|
| Commission Regulation (EC) No. 809/2004, Annex XI, Paragraph 11.1 | 2013 | 2012 |
| Balance sheet | Pages 80-81 | Pages 66 – 67 |
| Statement of income | Pages 82 - 83 | Pages 68 – 69 |
| Statement of changes in equity | Page 84-85 | Pages 70 – 71 |

| | | |
|--|---------------|----------------|
| Cashflow statement | Pages 86 - 87 | Pages 72 – 73 |
| Accounting policies and explanatory notes | Pages 92-242 | Pages 74 – 235 |
| Auditors' reports | Pages 64-65 | Page 63 |
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| Mediobanca International - Non-Consolidated annual financial statements | | |
| <hr/> | | |
| Commission Regulation (EC) No. 809/2004, Annex XI, | 2013 | 2012 |
| <hr/> | | |
| Paragraph 11.1 | | |
| Statement of financial position | Page 22 | Page 21 |
| Statement of comprehensive income | Page 23 | Page 22 |
| Cashflow statement | Page 26 | Page 25 |
| Statement of changes in equity | Pages 24-25 | Pages 23-24 |
| Accounting policies and explanatory notes | Pages 30-147 | Pages 27-147 |
| Auditor's reports | Pages 19-20 | Pages 18-19 |
| <hr/> | | |
| Mediobanca - Consolidated interim report for the six months ended 31 December | | |
| <hr/> | | |
| | 2013 | 2012 |
| Balance sheet | Page 50 | Pages 50 – 51 |
| Statement of income | Page 52 | Page 52 |
| Statement of changes in equity | Page 54 | Pages 54 - 55 |
| Cashflow statement | Page 56 | Pages 56 - 58 |
| Accounting policies and explanatory notes | Page 62 | Pages 62 - 125 |
| Auditor's reports | Page 189 | Page 185 |
| <hr/> | | |
| Mediobanca International – Non-Consolidated interim report for the six months ended 31 December | | |
| <hr/> | | |
| | 2013 | 2012 |
| Statement of comprehensive income | Page 23 | Page 23 |
| Cash flow statement | Page 26 | Page 26 |
| Statement of changes in equity | Pages 24 - 25 | Pages 24 - 25 |
| Accounting policies and explanatory notes | Page 28 | Page 28 |
| Auditors' report | Page 17 | Page 17 |
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SUPPLEMENTS AND FURTHER PROSPECTUSES

The Issuers will update this Base Prospectus, setting out the changes in the operations and financial conditions of the Issuers, at least every year after the date of this Base Prospectus and each subsequent Base Prospectus.

The Issuers have given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of the Notes, they shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer a number of copies of such supplement as a Dealer may reasonably request.

In addition, the Issuers and the Guarantor may agree with any Dealer to issue Notes in a form not contemplated in Part 2 of Chapter 2 in the section entitled “*General form of Final Terms for Notes*”. To the extent that the information relating to that Tranche of Notes constitutes a significant new factor in relation to the information contained in this Base Prospectus, a separate prospectus specific to such Tranche (a “**Drawdown Prospectus**”) will be made available and will contain such information. Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the relevant Issuer and (if applicable) the Guarantor and the relevant Notes or (2) by a single document setting out the necessary information relating to the Notes and incorporating by reference this Base Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, references in this Base Prospectus to information specified or identified in the Final Terms shall (unless the context requires otherwise) be read and construed as information specified or identified in the relevant Drawdown Prospectus.

FORMS OF THE NOTES

Temporary or Permanent Global Note

Unless otherwise provided in the relevant Final Terms, each Tranche of Notes will initially be in the form of either a temporary global note (a “**Temporary Global Note**”), without Coupons, or a permanent global note (a “**Permanent Global Note**”), without Coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) which is not intended to be issued in a new global note form (a “**Classic Global Note**” or “**CGN**”), as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking, société anonyme, Luxembourg (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system and/or deposited directly with Monte Titoli S.p.A. and/or any other centralised custodian appointed by the Issuers (together, the “**Centralised Custodian**”) and each Global Note which is intended to be issued in new global note form (a “**New Global Note**” or “**NGN**”), as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the “**ECB**”) announced that Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the “**Eurosystem**”), provided that certain other criteria are fulfilled (including denomination in euro and listing on an EU regulated market or on an ECB-approved non-regulated market). At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and the debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used (and if the above-mentioned other criteria are fulfilled).

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note without Coupons or Receipts (as defined herein), interests in which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without Coupons, not earlier than 40 days after the Issue Date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure (in the case of first exchange) the prompt delivery (free

of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- a) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- b) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership, *provided, however*, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”):

- a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- b) at any time, if so specified in the relevant Final Terms; or
- c) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Base Condition 8 (*Events of Default*) of the Base Terms and Conditions of the Notes occurs.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of a minimum denomination of Euro 100,000, plus integral multiples of Euro 1,000, *provided that* such denominations are not less than Euro 100,000 nor more than Euro 199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds an aggregate principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note

to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons, interests in which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the Issue Date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons or Receipts, interests in which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the Issue Date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Where the Temporary Global Note is to be exchanged for Definitive Notes, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts (as defined herein) attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note, without Coupons or Receipts, interests in which will be exchangeable in whole, but not in part, for Definitive Notes:

- a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- b) at any time, if so specified in the relevant Final Terms; or
- c) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Base Condition 8 (*Events of Default*) of the Base Terms and Conditions of the Notes occurs.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of a minimum denomination of Euro 100,000, plus integral multiples of Euro 1,000, *provided that* such denominations are not less than Euro 100,000 nor more than Euro 199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Notes. However, a Noteholder who holds an aggregate principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange. Where the Notes are listed on the Irish Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Base Condition 12 (*Notices*) of the Base Terms and Conditions of the Notes.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the base terms and conditions set out under “Base Terms and Conditions of the Notes” in Part 1 of Chapter 2, as completed by any additional Specific Terms and Conditions set out in Chapters 3 to 12 below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions relating to the Notes while in Global Form” below.

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to in such legend provide that a United States person who holds a Note, Coupon, Talon or Receipt will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon, Talon or Receipt and any gain (which might otherwise be

characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Book-entry form

If the relevant Final Terms specifies the form of the Notes as being “Book-entry form”, then the Notes will not be represented by paper certificates and the transfer and exchange of Notes will take place exclusively through an electronic book-entry system managed by Monte Titoli S.p.A. or any other Centralised Custodian appointed by the Issuers. Accordingly, all Notes shall be deposited by their owners with an intermediary participant in the relevant Centralised Custodian. The intermediary will in turn deposit the Notes with the Centralised Custodian.

To transfer an interest in the Notes, the transferor and the transferee are required to give instructions to their respective intermediaries. If the transferee is a client of the transferor’s intermediary, the intermediary will simply transfer the Notes from the Transferor’s account to the account of the transferee. If, however, the transferee is a client of another intermediary, the transferor’s intermediary will instruct the centralised clearing system to transfer the Notes to the account of the transferee’s intermediary, which will then register the Notes on the transferee’s account.

Each intermediary maintains a custody account for each of its clients. This account sets out the financial instruments of each client and the records of all transfers, interest payments, charges or other encumbrances on such instruments. The account holder or any other eligible party may submit a request to the intermediary for the issue of a certified account statement.

In such circumstances, it will not be possible for a Noteholder to obtain physical delivery of Notes certificates representing the Notes.

GENERAL DESCRIPTION OF THE STRUCTURED NOTE ISSUANCE PROGRAMME

The following is a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive. The following overview does not purport to be complete and is qualified by the remainder of this document and, in relation to the terms and conditions of any particular Series (as defined below in the “Base Terms and Conditions of the Notes”) of Notes, the applicable Specific Terms and Conditions and Final Terms. Subject as provided in the Base Terms and Conditions of the Notes as applicable, any of the following (including, without limitation, the type of Notes which may be issued pursuant to the Programme) may be varied or supplemented as agreed between the Issuer, the relevant Dealer(s) and the Fiscal Agent (if applicable). Words and expressions defined in the sections entitled “Form of the Notes”, “Base Terms and Conditions of the Notes”, “General Terms for the Credit Linked Notes” and the Specific Terms and Conditions set out in Chapters 3 to 12 below shall have the same meaning in this overview:

Issuers: Mediobanca – Banca di Credito Finanziario S.p.A. and Mediobanca International (Luxembourg) S.A.

Mediobanca - Banca di Credito Finanziario S.p.A.: Mediobanca was established in 1946 as a medium-term credit granting institution in Italy. In 1956 Mediobanca's shares were admitted to the Italian Stock Exchange and since then its business has expanded both nationally and internationally.

Mediobanca is registered at the Companies' Registry of the Chamber of Commerce of Milan, Italy under registration number 00714490158. Mediobanca's registered office is at Piazzetta E. Cuccia 1, Milan, Italy, telephone number (+39) 0288291.

Mediobanca holds a banking licence from the Bank of Italy authorising it to carry on all permitted types of banking activities in Italy.

Mediobanca is a bank organised and existing under the laws of Italy, carrying out a wide range of banking, financial and related activities throughout Italy.

At the date hereof, Mediobanca's issued share capital totals Euro 430,703,356.00, represented by 861,406,712 registered shares of nominal value Euro 0.50.

The Board of Directors of Mediobanca is responsible for the ordinary and extraordinary management of Mediobanca.

Mediobanca International (Luxembourg) S.A.: Mediobanca International has the form of a *société anonyme* subject to Luxembourg law and has its place of registration in Luxembourg. On 15 December 2005 the Luxembourg Minister of the Treasury and the Budget, on the recommendation of the CSSF, granted Mediobanca International a full banking licence pursuant to which its operations include raising funds in the

international markets and lending, consistent with Mediobanca International's articles of association approved by the shareholders in the general meeting held on 21 December 2005.

Mediobanca International is registered at the Luxembourg trade and companies registry under registration number B 112885. Mediobanca International's registered office is at 4 Boulevard Joseph II, L-1840 Luxembourg, Luxembourg.

At the date hereof, Mediobanca International's issued and authorised fully paid share capital totals Euro 10,000,000 represented by 1,000,000 registered shares of Euro 10 par value.

The Board of Directors of Mediobanca International is responsible for setting authorisation levels, defining organisational structure, defining the system of internal control and reviewing it on a regular basis, and approving the bank's accounts and interim statements. Day-to-day management is entrusted to two managing directors.

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| Guarantor: | Mediobanca - Banca di Credito Finanziario S.p.A. (with respect to Notes issued by Mediobanca International (Luxembourg) S.A. |
| Description: | Structured Note Issuance Programme. |
| Arranger: | Mediobanca Banca di Credito Finanziario S.p.A. |
| Dealers: | Banca Aletti & C. S.p.A.; Banca IMI S.p.A.; Barclays Bank PLC; BNP PARIBAS; Credit Suisse Securities (Europe) Limited; J.P. Morgan Securities plc; MEDIOBANCA - Banca di Credito Finanziario S.p.A.; Mediobanca International (Luxembourg) S.A.; Société Générale; The Royal Bank of Scotland plc; and UniCredit Bank AG. |
| | Each of the Issuers may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of a single Tranche or in respect of the whole Programme. |
| Fiscal Agent: | BNP Paribas Securities Services, Luxembourg Branch. will act as Fiscal Agent in respect of the Notes except for Notes in dematerialised form which are deposited directly with Monte Titoli S.p.A. (" Monte Titoli "). |
| Italian Paying Agent: | Mediobanca – Banca di Credito Finanziario S.p.A. will act as Italian Paying Agent with respect to Notes in dematerialised |

form deposited directly with Monte Titoli (which role will include the role of Fiscal Agent with respect to such Notes).

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| Currencies: | Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency or currencies as the relevant Issuer, the Guarantor (where applicable), and the relevant Dealer so agree. |
| Maturities/Final Redemption: | <p>Any maturity subject to compliance with all relevant laws, regulations and directives. Unless previously redeemed, purchased and cancelled as provided in accordance with Base Condition 4(e) (<i>Redemption at the option of the Issuer</i>) or Base Condition 4(f) (<i>Redemption at the option of holders of Notes</i>) of the Base Terms and Conditions of the Notes, (a) each Note that is not a Physical Delivery Note will be redeemed at its Final Redemption Amount on the Maturity Date (b) and each Note that is a Physical Delivery Note will be redeemed by delivery of the Entitlement on the Maturity Date.</p> <p>Any Notes in respect of which the issue proceeds are received by the relevant Issuer in the United Kingdom and which have a maturity of less than one year from the date of issue must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 by the relevant Issuer.</p> |
| Denomination: | Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or where the Notes are denominated in a currency other than euro, the equivalent amount in such other currency). |
| Method of Issue: | The Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in one or more Series (which |

may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes may be issued in Tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing Series.

Consolidation of Notes: Notes of one series may be consolidated with Notes of another Series, all as described in Base Condition 11 (*Further Issues and Consolidation*) of the Base Terms and Conditions of the Notes.

Final Terms or Drawdown Prospectus: Notes issued under the Programme may be issued either (i) pursuant to this Base Prospectus and the relevant Final Terms or (ii) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Base Terms and Conditions of the Notes as completed by the relevant Specific Terms and Conditions relating to the relevant type of Notes and completed by the relevant Final Terms or, as the case may be, the relevant Drawdown Prospectus.

References in this General Description of the Structured Note Issuance Programme to the “Final Terms” shall, where applicable, be read as references to the Drawdown Prospectus relating to the Notes, as the case may be.

Form of Notes: The Notes may be issued in bearer form only.

If the Notes are represented by one or more Global Notes, the relevant Final Terms will specify whether each Global Note is to be issued in New Global Note or in Classic Global Note form. Each Tranche of Notes will initially be represented by a Temporary Global Note or a Permanent Global Note which, in each case, will be deposited on or around the Issue Date: (a) in the case of Notes intended to be issued in Classic Global Note form, with a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and/or deposited directly with Monte Titoli S.p.A. and/or any other centralised custodian appointed by the Issuers (together, the “**Centralised Custodian**”) and (b) in the case of Notes intended to be issued in New Global Note form, with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. No interest will be payable in respect of a Temporary Global Note except as described under “Summary of Provisions Relating to the Notes while in Global Form”.

Interests in Temporary Global Notes will be exchangeable for interests in Permanent Global Notes or, if so stated in the

relevant Final Terms for Definitive Notes after the date falling 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. If specified in the relevant Final Terms, interests in Permanent Global Notes will be exchangeable for definitive Notes as described under “Summary of Provisions Relating to the Notes while in Global Form”. Definitive Notes will, if interest-bearing, have interest Coupons attached and, if appropriate, a Talon for further Coupons and will, if the principal thereof is repayable by instalments, have payment Receipts attached.

If the Notes are issued and held in book-entry form, the Notes will not be represented by paper certificates and the transfer and exchange of Notes will take place exclusively through an electronic book-entry system managed by Monte Titoli S.p.A. or any other Centralised Custodian appointed by the Issuers. Accordingly, all Notes of the same tranche shall be deposited by their owners with an intermediary participant in the relevant Centralised Custodian. The intermediary will in turn deposit the Notes with the Centralised Custodian.

In such circumstances, it will not be possible for a Noteholder to obtain physical delivery of certificates representing the Notes.

Issue Price of the Notes:

Issue Price will be specified in the relevant Final Terms. Notes may be issued at their principal amount or at a discount or premium to their principal amount.

Type of Notes:

The Issuer may issue Notes of any kind, including but not limited to, Share Linked Notes, Index Linked Notes, Fund Linked Notes, Credit Linked Notes, Inflation Linked Notes, Commodity Linked Notes, Interest Rate Linked Notes and FX Linked Notes. Such Notes may bear interest at a fixed rate, or floating rate or structured rate or a combination of such rates.

Notes will be redeemed by way of cash payment or by physical delivery (“**Physical Delivery Notes**”) of certain asset(s) specified in the relevant Final Terms.

Share Linked Notes, Index Linked Notes, Fund Linked Notes, Commodity Linked Notes, Inflation Linked Notes, Debt Linked Notes, Interest Rate Linked Notes or FX Linked Notes:

The Final Terms issued in respect of each issue of Share Linked Notes, Index Linked Notes, Fund Linked Notes, Commodity Linked Notes, Debt Linked Notes or FX Linked Notes linked to, as the case may be (i) a share or basket of shares, (ii) index (or basket of indices), (iii) fund (or basket of funds), (iv) commodity (or basket of commodities), inflation index, (v) debt instruments (or basket of debt instruments), (vi) interest rate (or basket of interest rates) or (viii) a foreign

exchange rate will specify the basis for calculating the amounts of principal payable, which may be by reference to a share, index, fund level, commodity, debt instrument, interest rate or foreign exchange rate.

Credit Linked Notes:

Payments of principal and/or interest (if any) in respect of Credit Linked Notes, which may be issued by any Issuer, will depend on whether or not a specified “Credit Event” occurs in respect of one or more specified “Reference Entities” and/or the obligations of any of such Reference Entities. Following the occurrence of a Credit Event, Credit Linked Notes may either be cash settled or physically settled by delivery of bonds or other qualifying obligations of the defaulted Reference Entity, as indicated in the relevant Final Terms.

Drawdowns of this product include: Single Name Credit Linked Notes (where Noteholders take the credit risk of a single named Reference Entity), Linear Basket Credit Linked Notes (where Noteholders take the credit risk in respect of two or more Reference Entities in a basket of Reference Entities and where the Notes will redeem in part if the Conditions to Settlement are satisfied in respect of each Reference Entity in the basket), First-to-Default Credit Linked Notes (where Noteholders take the credit risk of the first to default among a basket of Reference Entities) and Nth-to-Default Credit Linked Notes (where Noteholders take the credit risk of the Nth to default among a basket of Reference Entities). See “General Terms for Credit Linked Notes” in Chapter 6 of this Base Prospectus for the terms and conditions applicable to Credit Linked Notes issued under the Programme.

Physical Delivery Notes:

In order to receive the relevant asset(s), a Noteholder must deliver an Asset Transfer Notice on or prior to a specified cut-off time and pay all taxes, duties and/or expenses arising from delivery of the relevant assets. For certain types of Notes, if certain disruption events occur on settlement, the relevant settlement date may be postponed and in certain circumstances the Issuer will be entitled to make payment of a cash amount in lieu of physical delivery.

The Specific Terms and Conditions for Physical Delivery Notes will not apply in respect of the Credit Linked Notes (in respect of which physical settlement shall be governed by paragraph 5 of the General Terms for Credit Linked Notes).

The Guarantee provides that, in the case of Physical Delivery Notes, the Guarantor will have the right to elect not to make

physical delivery of the Entitlement, but rather to pay the Guaranteed Cash Settlement Amount as specified in the applicable Final Terms.

Interest Rate:

A structured rate of interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms and will be calculated by reference to the Reference Item in accordance with the relevant structured rate formula as specified in the relevant Final Terms.

Where applicable, (i) fixed rates of interest will be also payable in arrear on the date or dates in each year specified in the relevant Final Terms, and/or (ii) floating rates of interest will be also payable in arrear on the date or dates in each year specified in the relevant Final Terms and will be calculated by reference to the benchmark as may be specified in the relevant Final Terms as adjusted for any applicable margin/multiplier

Interest Periods and Interest Rates for the Notes:

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period.

Redemption Amount for the Notes:

Notes may be redeemable at par or at such other Final Redemption Amount as may be specified in the relevant Final Terms, including a Final Redemption Amount calculated by reference to (i) a share or basket of shares, (ii) index (or basket of indices), (iii) fund (or basket of funds), (iv) inflation index, (v) commodity (or basket of commodities), (vi) debt instrument (or basket of debt instruments), (vii) interest rate (or basket of interest rates) or (viii) a foreign exchange rate.

Redemption by Instalments for the Notes:

The Final Terms issued in respect of each issue of Notes which are redeemable in two or more instalments will set out the date on which, and the amounts in which, such Notes may be redeemed.

Status of the Notes:

The Notes are issued on an unsubordinated basis. The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and will rank at all times at least pari passu without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer, save for certain mandatory exceptions of applicable law. See Base Condition 2(a) (*Status of Notes*) of the Base Terms

and Conditions of the Notes.

- Guarantee:** Under the Deed of Guarantee, and in accordance with the terms and subject to the limitations thereof, Mediobanca unconditionally and irrevocably guarantees payment of all amounts due and the performance of any non-cash delivery obligations in respect of Notes issued by Mediobanca International. Pursuant to the Guarantee, the Guarantor has the right to elect not to deliver or procure the delivery of any entitlement to holders of Notes, but in lieu thereof to pay a cash amount. See also Base Condition 2(b) (*Status of Guarantee*) of the Base Terms and Conditions of the Notes.
- Status of the Guarantee:** The payment obligations of the Guarantor under the Deed of Guarantee constitute – in accordance with the terms and subject to the limitations thereof – direct, unconditional, unsubordinated and unsecured obligations of the Guarantor which will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for certain mandatory exceptions of applicable law. See also Base Condition 2(b) (*Status of Guarantee*) of the Base Terms and Conditions of the Notes. In particular, pursuant to the Deed of Guarantee, to the extent the Guarantor is incorporated in the Republic of Italy and to the extent under the applicable law in force at the relevant time a cap to the maximum amount to be guaranteed is required, the Guarantor shall only be liable up to an amount which is the aggregate of 110 per cent. of the aggregate principal amount of any Tranche of the Notes (in each case as specified in the applicable Final Terms) and 110 per cent. of the interest on such Notes accrued but not paid as at any date on which the Guarantor's liability falls to be determined. In addition, pursuant to the Deed of Guarantee, the Guarantor has also undertaken to issue an additional guarantee in an amount equal to any liability exceeding the maximum amount mentioned above in relation to any Tranche of Notes.
- Cross Default:** The Notes will contain a cross default in respect of indebtedness for borrowed money of the relevant Issuer and, where applicable, the Guarantor, as more fully set out in Base Condition 8 (*Events of Default*) of the Base Terms and Conditions of the Notes.
- Optional Redemption:** The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed before their stated maturity at the option of the relevant Issuer (either in whole or

in part) and/or the Noteholders, and if so the terms applicable to such redemption and subject to all relevant legal and regulatory requirements.

Tax Redemption:

With respect to Notes, the relevant Final Terms will specify whether early redemption will be permitted for tax reasons as described in Base Condition 4(c) (*Redemption for taxation reasons*) of the Base Terms and Conditions of the Notes.

Taxation:

All payments in respect of Notes, Receipts and Coupons by the Issuer or (as the case may be) the Guarantor under the Deed of Guarantee will be made without withholding or deduction for, or on account of, any taxes imposed by the Grand Duchy of Luxembourg or the Republic of Italy, as the case may be, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor will (save as provided in Base Condition 6 (*Taxation*) of the Base Terms and Conditions of the Notes pay such additional amounts as will result in the holders of Notes, Receipts or Coupons receiving such amounts as they would have received in respect to Notes, Receipts or Coupons had no such withholding or deduction been required.

However, as more fully set out in Base Condition 6 (*Taxation*) of the Base Terms and Conditions of the Notes, neither the Issuer nor (as the case may be) the Guarantor will be liable to pay any additional amounts to holders of Notes, Receipts or Coupons in relation to any payment on any Note, Receipt or Coupon with respect to any withholding or deduction for or on account of, *inter alia*, (i) substitute tax (*imposta sostitutiva*) pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (“**Decree No. 239**”); (ii) withholding tax pursuant to Presidential Decree No. 600 of 29 September 1973 (“**Decree No. 600**”), and (iii) withholding tax on Notes qualifying as atypical securities (*titoli atipici*) for Italian tax purposes, pursuant to Italian Law Decree No. 512 of 30 September 1983 (“**Decree No. 512**”).

Rating:

The rating of the Notes, if any, to be issued under the Programme will be specified in the applicable Final Terms.

Whether or not each credit rating applied for in relation to a Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No. 1060/2009 (as amended by Regulation (EU) No. 513/2011) (the “**CRA Regulation**”) will be disclosed in the applicable Final Terms. In general, European regulated

investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7th June, 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Governing Law:

If it is specified in the Final Terms that English law is applicable to the Notes, the Notes and any contractual or non-contractual obligations arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law. If it is specified in the Final Terms that Italian law is applicable to the Notes, the Notes will be governed by, and shall be construed in accordance with, Italian law.

**Approval of the Base Prospectus,
Listing and Admission to Trading:**

The Central Bank of Ireland has approved this document as a base prospectus. Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Irish Stock Exchange and to be listed on the Official List of the Irish Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets as may be agreed between the relevant Issuer, the Guarantor (where applicable) and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The Central Bank of Ireland has approved may, at the request of either Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Base Prospectus; (ii) an Attestation Certificate in accordance with Article 18(i) of the Prospectus Directive; and (iii) if so required by such competent authority, a translation of this Summary.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in the relevant Final Terms which, with respect to Notes to be listed on the Official List of the Irish Stock Exchange, will be delivered to the Irish Stock Exchange.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if

so, on which stock exchanges and/or markets.

Selling Restrictions:

See “Plan of Distribution”.

GENERAL DESCRIPTION OF THE UNDERLYING

The Notes may relate to the following Reference Items:

- a single share or a basket of shares;
- an index or a basket of indices;
- units or shares (however described) in a single fund or a basket of funds;
- a single inflation index;
- a single commodity or a basket of commodities;
- a single currency or a basket of currencies;
- a single debt instrument or a basket of debt instruments;
- a single interest rate or a basket of interest rates;
- a single reference entity or a basket of reference entities.

The applicable Final Terms will specify the relevant Reference Item and state where information on the relevant Reference Item, in particular on its past and future performance and on its volatility, can be found and whether or not the Issuer intends to provide further information on the relevant Reference Item.

CHAPTER 2 – GENERAL PROVISIONS OF THE NOTES**PART 1 – BASE TERMS AND CONDITIONS OF THE NOTES**

The following is the text of the terms and conditions which, as completed by the relevant Specific Terms and Conditions relating to the relevant type of Note as set out in Part 1 of Chapters 3 to 12 and as completed by the relevant Final Terms, will be endorsed on each Note in final form issued under the Programme. The terms and conditions applicable to any Notes in global form will differ from those terms and conditions which would apply to the Notes whilst in final form to the extent described under “Summary of Provisions relating to the Notes while in Global Form” below.

Mediobanca - Banca di Credito Finanziario S.p.A. (“**Mediobanca**”), Mediobanca International (Luxembourg) S.A. (“**Mediobanca International**”) (each, an “**Issuer**” and, together, the “**Issuers**”) have established a Structured Note Issuance Programme (the “**Programme**”) for the issuance of structured notes (the “**Notes**”), guaranteed by Mediobanca (in its capacity as guarantor, the “**Guarantor**”) in respect of Notes issued by Mediobanca International.

The Notes are issued pursuant to an Issue and Paying Agency Agreement dated 31 July 2014, as amended or supplemented from time to time, (the “**Issue and Paying Agency Agreement**”) between the Issuers, the Guarantor, BNP Paribas Securities Services, Luxembourg Branch, as fiscal agent and principal paying agent (the “**Fiscal Agent**”) and Mediobanca in its capacity as Italian paying agent (the “**Italian Paying Agent**” and together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the “**Paying Agents**”) and with the benefit of deeds of covenant dated 31 July 2014 (each, a “**Deed of Covenant**” and, together, the “**Deeds of Covenant**”), each of them executed by the relevant Issuer in respect of Notes issued by such Issuer. The Guarantor has, for the benefit of the holders of Notes issued by Mediobanca International from time to time, executed and delivered a deed of guarantee (the “**Deed of Guarantee**”) dated 31 July 2014 under which it has guaranteed, in accordance with the terms and subject to limitations of the Deed of Guarantee, the due and punctual payment of the amounts due by Mediobanca International under the Notes and the Deed of Covenant as and when the same shall become due and payable (the “**Guarantee of the Notes**”). The holders of the Notes (as defined below), the holders of the interest coupons (the “**Coupons**”) appertaining to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) and the holders of the instalment receipts (the “**Receipts**”) appertaining to the payment of principal by instalments are deemed to have notice of all of the provisions of the Issue and Paying Agency Agreement applicable to them.

Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche of Notes is the subject of final terms (the “**Final Terms**”) which completes these terms and conditions (the “**Base Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Base Conditions as completed by the relevant specific terms and conditions relating to the relevant type of Note (the “**Specific Conditions**”) and as completed by the relevant Final Terms. In the event of any inconsistency between these Base Conditions and the Specific Conditions, the Specific Conditions shall prevail. In the event of any inconsistency between these Base Conditions and the Specific Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. All subsequent references in these Base Conditions to “**Notes**” are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours at the

specified office of the Fiscal Agent, the initial Specified Office of which is set out below (the “**Specified Office**”). Certain provisions of these Base Conditions are summaries of the Issue and Paying Agency Agreement and are subject to their detailed provisions.

The Final Terms issued in respect of each issue of Notes will specify whether the Issuer is Mediobanca or Mediobanca International. In these Base Conditions, any reference to a statute or regulation shall be construed as a reference to such statute or regulation as the same may have been, or may from time to time be, amended or re-enacted.

Copies of the Issue and Paying Agency Agreement, the Deeds of Covenant and the Deed of Guarantee are available for inspection at the specified office of the Paying Agent.

1. **FORM, DENOMINATION AND TITLE**

The Notes are issued in bearer form in the Denomination(s) and in the Relevant Currency shown in the Final Terms.

Notes are issued with Coupons (and where appropriate, a Talon) attached save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the date specified in the Final Terms as the Maturity Date (as designed below), Coupons and Talons in these Base Conditions are not applicable. Any Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Title to the Note and the Receipts, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

In these Base Conditions, “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Note, Receipt, Coupon or Talon. All capitalised terms which are not defined in these Base 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 Notes. Those definitions will be endorsed on the definitive Notes.

2. **STATUS OF NOTES AND GUARANTEE**

(a) *Status of the Notes*

The Notes will constitute direct unconditional, unsubordinated and unsecured obligations of the Issuer and will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Issuer, save for certain mandatory exceptions of applicable law.

(b) *Status of Guarantee*

The Guarantee of the Notes constitutes direct, unconditional, unsubordinated and unsecured obligations of the Guarantor pursuant to the terms and conditions and subject to the limitations set out in the Deed of Guarantee which will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for certain mandatory exceptions of applicable law.

As more fully set forth in the Guarantee, the Guarantor shall at all times have the right, at its sole and unfettered discretion, to elect not to deliver or procure delivery of the Entitlement to the holders of such Physical Delivery Notes when the same shall become due and deliverable, but in lieu thereof to pay an amount in cash equal to the Guaranteed Cash Settlement Amount. The “**Guaranteed Cash Settlement Amount**” in respect of each Note means an amount calculated pursuant to the terms of, or as specified in, the applicable Final Terms or, if not specified in the applicable Final Terms, an amount equal to the fair market value of the Entitlement in respect of such Note on any date notified as such by the Guarantor to the Issuer and the Calculation Agent, less the cost to the Issuer and/or its Affiliates or agents of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as determined by the Guarantor in its sole and absolute discretion. Any payment of the Guaranteed Cash Settlement Amount in lieu of the Entitlement shall constitute a complete discharge of the Guarantor’s obligations in respect of such Physical Delivery Notes.

3. INTEREST AND OTHER CALCULATIONS

(a) Definitions

In this Base Condition 3, unless the context otherwise requires, the following defined terms shall have the meanings set out below.

“**Accrual Yield**” has the meaning given in the relevant Final Terms.

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms.

“**Basket**” means in respect of any Reference Item constituted by more than one item, the basket composed of Components in the relative proportions and/or numbers of Components specified in the Final Terms.

“**Business Day**” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre.

“**Calculation Agent**” means Mediobanca - Banca di Credito Finanziario S.p.A., the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Interest Rate(s) and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms.

“**Calculation Amount**” has the meaning given to it in the relevant Final Terms.

“**CMS**” means the constant maturity swap rate specified as such in the Final Terms.

“**Component**” means in respect of any Reference Item constituted by a Basket, each component comprised in such Basket and specified in the Final Terms.

“**Component Weight**” is the weight of the relevant Component comprised in the Basket as specified in the relevant Final Terms.

“**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 this Base Condition 3 or the relevant Final Terms and:

- (a) if “**1/1**” is specified, 1;
- (b) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if “**Actual/Actual (ICMA)**” is so specified, means:
 - (i) 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
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) 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
 - (B) the actual number of days in such Calculation Period falling in the next Regular 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;
- (d) if “**Actual/365 (Fixed)**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;

- (e) if “**Actual/360**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (f) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

“ Y_1 ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ Y_2 ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ M_1 ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ M_2 ” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

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

“ D_2 ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30; and

- (g) if “**30E/360**” or “**Eurobond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

“ Y_1 ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ Y_2 ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ M_1 ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ M_2 ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

- (h) if “**30E/360 (ISDA)**” is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

“**EURIBOR**” means the Euro-zone interbank offered rate specified as such in the Final Terms.

“**Final Interest Valuation Date**” means, with respect to an Interest Period, the date specified as such in the relevant Final Terms.

“**Final Interest Reference Level**” means, with respect to, as the case may be, the Reference Item, Reference Item 1, Reference Item 2 or a Component comprised in the Basket, (i) if Averaging is not specified as being applicable in the Final Terms, the Interest Settlement Price on the Final Interest Valuation Date, or (ii) if Averaging is specified as being applicable in the Final Terms, the average of the Settlement Prices determined on each of the Final Valuation Dates

“**Fixed Coupon Amount**” has the meaning given to it in the relevant Final Terms.

“**Floor**” has the meaning given in the relevant Final Terms.

“**Government Yield**” means the yield of government securities specified as such in the Final Terms.

“**Initial Interest Valuation Date**” means, with respect to an Interest Period, the date specified as such in the relevant Final Terms.

“**Initial Interest Reference Level**” means, with respect to, as the case may be, the Reference Item, Reference Item 1, Reference Item 2 or a Component comprised in the Basket, (a) the Interest Settlement Price on the Initial Interest Valuation Date, or (b) the value indicated as such in the relevant Final Terms.

“**Interest Accrual Date**” means the dates specified as such in the relevant Final Terms.

“**Interest Amount**” means:

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

“**Interest Barrier Level**” has the meaning given in the relevant Final Terms.

“**Interest Barrier Maximum Amount**” has the meaning given in the relevant Final Terms.

“**Interest Barrier Minimum Amount**” has the meaning given in the relevant Final Terms.

“**Interest Barrier Observation Date**” means the date or the dates specified as such in the relevant Final Terms.

“**Interest Barrier Observation Period**” has the meaning given in the relevant Final Terms.

“**Interest Barrier Payment Date**” means the date or the dates specified as such in the relevant Final Terms.

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

“**Interest Determination Date**” has the meaning given to it in the relevant Final Terms.

“**Interest Participation Factor**” has the meaning, if any, given to it in the relevant Final Terms

“**Interest Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms, as the same may be adjusted in accordance with the relevant Business Day Convention.

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Accrual Date and each successive period beginning on (and including) an Interest Accrual Date and ending on (but excluding) the next succeeding Interest Payment Date.

“**Interest Rate**” means the rate of interest (expressed as a percentage per annum) payable from time to time in respect of this Note and which is either specified, or calculated in accordance with the provisions, in the relevant Final Terms.

“**Interest Rate Switch Date**” means the date specified as such in the relevant Final Terms.

“**Interest Settlement Price**” means, with respect to a Component or a Reference Item, as the case may be, the value determined by the Calculation Agent on the relevant date or dates in accordance with the Specific Conditions.

“**ISDA Definitions**” means the 2006 ISDA Definitions as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the Final Terms) as published by the International Swaps and Derivatives Association, Inc., a copy of which is available on the website of the International Swaps and Derivatives Association, Inc. (www.isda.org).

“**Issue Date**” has the meaning given in the relevant Final Terms.

“**Issue Price**” has the meaning given in the relevant Final Terms.

“**LIBID**” means the London interbank bid rate specified as such in the Final Terms.

“**LIBOR**” means the London interbank offered rate specified as such in the Final Terms.

“**LIMEAN**” means the London interbank mid-market rate specified as such in the Final Terms.

“**Linear Interpolation**” means the straight-line interpolation by reference to two rates based on the Reference Rate or the ISDA Rate, as the case may be, one of which will be determined as if the Specified Duration were the period of time for which rates are available next shorter than the length of the affected Interest Period and the other of which will be determined as if the Specified Duration or the Designated Maturity, as the case may be, were the period of time for which rates are available next longer than the length of such Interest Period.

“**Margin**” has the meaning given in the relevant Final Terms.

“**Maximum Interest Amount**” has the meaning given in the relevant Final Terms.

“**Maximum Interest Rate**” has the meaning given in the relevant Final Terms.

“**Minimum Interest Amount**” has the meaning given in the relevant Final Terms.

“**Minimum Interest Rate**” has the meaning given in the relevant Final Terms.

“**Multiplier**” has the meaning given in the relevant Final Terms.

“**Payment Business Day**” means:

- (i) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre

“**Performance of Component**” means, for the purposes of this Base Condition (3) and with respect to each Component of the Basket comprising the Reference Item:

$$\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

“**Performance of Underlying**” means:

- (A) with respect to a Reference Item that is not constituted by a Basket, as specified in the applicable Final Terms:

$$\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

- (i) ; or

$$\text{(ii) } \left[\text{Max } 0; \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

- (B) with respect to a Reference Item that is constituted by a Basket, the sum of each of the following values calculated with respect to each Component:

- (i) Performance of Component; multiplied by
- (ii) Component Weight.

“**Performance of Underlying 1**” means for the purposes of this Base Condition 3 and with respect to Reference Item 1, as specified in the applicable Final Terms:

$$\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

- (i) ; or

$$(ii) \quad \left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

“**Performance of Underlying 2**” means for the purposes of this Base Condition 3 and with respect to Reference Item 2, as specified in the applicable Final Terms:

$$(i) \quad \left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \quad ; \text{ or}$$

$$(ii) \quad \left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

“**Principal Financial Centre**” means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent.

“**Reference Banks**” means, the institutions specified as such in the relevant Final Terms or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate.

“**Reference Item**” is the item specified as such in the relevant Final Terms;

“**Reference Item 1**” is the item, if any, specified as such in the relevant Final Terms;

“**Reference Item 2**” is the item, if any, specified as such in the relevant Final Terms;

“**Reference Price**” has the meaning given in the relevant Final Terms.

“**Reference Rate**” means any of EURIBOR and/or LIBOR and/or LIMEAN and/or LIBID and/or CMS and/or Swap Rate and/or Government Yield as specified in the applicable Final Terms.

“**Reference Rate Multiplier**” has the meaning given in the relevant Final Terms.

“**Regular Period**” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but

excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, 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; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, 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 other than the Interest Payment Date falling at the end of the irregular Interest Period.

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

“**Relevant Financial Centre**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Reference Rate is most closely connected or, if none is so connected, London.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified as the Relevant Screen Page in the relevant Final Terms for the purpose of providing a Reference Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Reference Rate.

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the Relevant Financial Centre *provided that* if the Relevant Currency is Euro and the Benchmark is EURIBOR, the Relevant Time shall be 11.00 am Brussels time.

“**Specified Duration**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the period specified in the relevant Final Terms.

“**Spread**” has the meaning, if any, given in the relevant Final Terms.

“**Swap Rate**” means the swap rate specified as such in the Final Terms.

“**Structured Barrier Level**” has the meaning given in the relevant Final Terms.

“**Structured Barrier Observation Date**” means the date or the dates specified as such in the relevant Final Terms.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET or TARGET2) System or any successor thereto.

“**TARGET Settlement Day**” means any day on which the TARGET System is open.

(b) *Interest Rate and Accrual*

Save with respect to Structured Rate Notes, each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the Interest Rate, such interest being payable in arrear on each interest payment date (each, an “**Interest Payment Date**”).

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Base Condition 3 (*Interest and other Calculations*) to the Relevant Date (as defined in Base Condition 6 (*Taxation*)).

(c) *Business Day Convention*

If any date referred to in these Base Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is (i) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (ii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iii) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(d) *Fixed Rate*

If the Fixed Rate Provisions are specified in the relevant Final Terms as being applicable, the amount of interest payable in respect of each Note for the Interest Period(s) indicated in the Final Terms shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Denomination. The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Interest Rate to the Calculation Amount of such Note, multiplying the product by the relevant Day Count Fraction (not adjusted in accordance with the Business Day Convention) and rounding the resulting figure in accordance with Base Condition 3(h) (*Rounding*). Where the Specified Denomination of a Note bearing Fixed Rate comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(e) *Floating Rate*

If the Floating Rate Provisions are specified in the Final Terms as being applicable, the Interest Rate for the Interest Period(s) indicated in the Final Terms will be determined by the Calculation Agent on the following basis:

(i) *Screen Rate Determination*: if Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Interest Rate is to be determined, as follows:

(A) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(B) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(C) if, in the case of (A) above, such rate does not appear on that page or, in the case of (B) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(1) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(2) determine the arithmetic mean of such quotations; and

(3) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Relevant Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Relevant Currency) on the first day of the relevant Interest Period for loans in the Relevant Currency to leading European 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 that time,

and the Interest Rate for such Interest Period shall be

(a) if “Multiplier” is specified in the relevant Final Terms as not being applicable, the sum of the Margin and the rate or (as the case may be) the arithmetic mean determined in accordance with the above provisions (the “**Determined Rate**”);

- (b) if “Multiplier” is specified in the relevant Final Terms as being applicable (i) the sum of the Margin and the relevant Determined Rate multiplied by (ii) the Multiplier;
- (c) if “Reference Rate Multiplier” is specified in the relevant Final Terms as being applicable, the sum of (i) Margin, and (ii) the relevant Determined Rate multiplied by the Reference Rate Multiplier,

provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Notes during such Interest Period will be calculated in accordance with the foregoing, save that the Determined Rate shall be the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (ii) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Notes for each Interest Period will be:

- (a) if “Multiplier” is specified in the relevant Final Terms as not being applicable, the sum of the Margin and the relevant ISDA Rate;
- (b) if “Multiplier” is specified in the relevant Final Terms as being applicable (i) the sum of the Margin and the relevant ISDA Rate multiplied by (ii) the Multiplier;
- (c) if “Reference Rate Multiplier” is specified in the relevant Final Terms as being applicable, the sum of (i) Margin, and (ii) the relevant ISDA Rate multiplied by the Reference Rate Multiplier,

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 rate 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; and
- (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.

- (f) *Interest Amount on Structured Rate Notes*

If the Structured Rate Note Provisions are specified in the Final Terms as being applicable, the Interest Amount for the Interest Period(s) indicated in the Final Terms will be determined by the Calculation Agent in accordance with one of the following formulas (each a “**Structured Rate Formula**”):

(i) *Performance Differential*: if “Performance Differential” is specified in the relevant Final Terms as being applicable, as follows:

(A) if “Interest Participation Factor” is specified as not being applicable in the relevant Final Terms, by multiplying (i) the Calculation Amount by (ii):

(a) the difference between the Performance of Underlying 1 and the Performance of Underlying 2, or

(b) the greater of (1) Floor and (2) the difference between the Performance of Underlying 1 and the Performance of Underlying 2,

provided that: (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount.

(B) if “Interest Participation Factor” is specified as being applicable in the relevant Final Terms, by multiplying (a) the Calculation Amount by (b) (i) the Interest Participation Factor multiplied by (ii):

(a) the difference between the Performance of Underlying 1 and the Performance of Underlying 2, or

(b) the greater of (1) Floor and (2) the difference between the Performance of Underlying 1 and the Performance of Underlying 2,

provided that: (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount.

(ii) *Best Performance*: if “Best Performance” is specified in the relevant Final Terms as being applicable, as follows:

(A) if “Interest Participation Factor” is specified as not being applicable in the relevant Final Terms, by multiplying (i) the Calculation Amount by (ii):

(a) the Best Performance of Underlying, or

(b) the greater of (1) Floor and (2) the Best Performance of Underlying,

provided that: (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount;

- (B) if “Interest Participation Factor” is specified as being applicable in the relevant Final Terms, by multiplying (a) the Calculation Amount by (b) (i) the Interest Participation Factor multiplied by (ii):

- (a) the Best Performance of Underlying, or
 (b) the greater of (1) Floor and (2) the Best Performance of Underlying,

provided that: (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount,

where “**Best Performance of Underlying**” means the highest Performance of Component of the Basket comprising the Reference Item.

- (iii) *Worst Performance*: if “Worst Performance” is specified in the relevant Final Terms as being applicable, as follows:

- (A) if “Interest Participation Factor” is specified as not being applicable in the relevant Final Terms, by multiplying (i) the Calculation Amount by (ii):

- (a) the Worst Performance of Underlying, or
 (b) the greater of (1) Floor and (2) the Worst Performance of Underlying,

provided that: (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount;

- (B) if “Interest Participation Factor” is specified as being applicable in the relevant Final Terms, by multiplying (a) the Calculation Amount by (b) (i) the Interest Participation Factor multiplied by (ii):

- (a) the Worst Performance of Underlying, or
 (b) the greater of (1) Floor and (2) the Worst Performance of Underlying,

provided that: (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount,

where “**Worst Performance of Underlying**” means the lowest Performance of Component of the Basket comprising the Reference Item.

- (iv) *Digital Call*: if “Digital Call” is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or

- (B) If a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where “**Structured Barrier Event**” means, with respect to each relevant Interest Period, that the Interest Settlement Price of the Reference Item on the Structured Barrier Observation Date or the average of the Interest Settlement Prices of the Reference Item on each of the Structured Barrier Observation Dates, as the case may be, is equal to or greater than the Structured Barrier Level.

(v) *Digital Put*: if “Digital Put” is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or
- (B) if a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where “**Structured Barrier Event**” means, with respect to each relevant Interest Period, that the Interest Settlement Price of the Reference Item on the Structured Barrier Observation Date or the average of the Interest Settlement Prices of the Reference Items on each of the Structured Barrier Observation Dates, as the case may be, is equal to or less than the Structured Barrier Level.

(vi) *Best of Digital Call*: if “Best of Digital Call” is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or
- (B) if a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where “**Structured Barrier Event**” means, with respect to an Interest Period and the Component comprised in the Basket having the highest Performance of Component in that Interest Period, that the Interest Settlement Price on the Structured Barrier Observation Date or the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates, as the case may be, of such Component is equal to or greater than the Structured Barrier Level.

(vii) *Best of Digital Put*: if “Best of Digital Put” is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or
- (B) if a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where “**Structured Barrier Event**” means, with respect to an Interest Period and the Component comprised in the Basket having the highest Performance of Component in that Interest Period, that the Interest Settlement Price on the Structured Barrier Observation Date or the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates, as the case may be, of such Component is equal to or less than the Structured Barrier Level.

(viii) *Worst of Digital Call*: if “Worst of Digital Call” is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or
- (B) if a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where “**Structured Barrier Event**” means, with respect to an Interest Period and the Component comprised in the Basket having the lowest Performance of Component in that Interest Period, that the Interest Settlement Price on the Structured Barrier Observation Date or the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates, as the case may be, of such Component is equal to or greater than the Structured Barrier Level.

(ix) *Worst of Digital Put*: if “Worst of Digital Put” is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or
- (B) if a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where “**Structured Barrier Event**” means, with respect to an Interest Period and the Component comprised in the Basket having the lowest Performance of Component in that Interest Period, that the Interest Settlement Price on the Structured Barrier Observation Date or the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates, as the case may be, of such Component is equal to or less than the Structured Barrier Level.

(x) *European Call*: if European Call is specified in the relevant Final Terms as being applicable, as follows:

- (A) If “Option 1” is specified as being applicable in the relevant Final Terms, by multiplying (i) the Calculation Amount by (ii) the Spread plus (a) the Interest Participation Factor multiplied by (b) the greater of (1) Floor and (2) the Performance of Underlying.

- (B) If “Option 2” is specified as being applicable in the relevant Final Terms by multiplying (i) the Calculation Amount by (ii) the greater of (a) Floor and (b) the Spread plus (1) the Interest Participation Factor multiplied by (2) the Performance of Underlying.

(g) *Interest Barrier Event*

If “Interest Barrier Event” is specified as being applicable in the relevant Final Terms and an Interest Barrier Event has occurred each Note entitles its holder to receive on the Interest Barrier Payment Date(s) indicated in the relevant Final Terms the Interest Barrier Amount. If it is so specified in the relevant Final Terms (i) with effect from the date on which the Interest Barrier Event occurred, the Notes will cease to bear interest, and/or (ii) each Note shall be redeemed on the Interest Barrier Payment Date specified in the relevant Final Terms.

For the purposes of this Base Condition 3(g):

“**Interest Barrier Amount**” means the amount which the Noteholder is entitled to receive on the Interest Barrier Payment Date(s) specified in the relevant Final Terms in the Settlement Currency (if applicable) in relation to each such Note, which shall be:

- (1) the amount indicated in the relevant Final Terms; or
- (2) (i) the Calculation Amount multiplied by (ii) (Participation Factor multiplied by Performance of Underlying),

provided that the Interest Barrier Amount will not be greater than the Interest Barrier Maximum Amount (if any) and will not be less than the Interest Barrier Minimum Amount (if any).

“**Interest Barrier Event**” means that:

- (1) the Interest Settlement Price of the Reference Item, Reference Item 1, Reference Item 2 or the Components comprised in the Basket, as the case may be, is equal to and/or greater than the Interest Barrier Level on an Interest Barrier Observation Date or at any time during the Interest Barrier Observation Period, as specified in the relevant Final Terms; or
- (2) the Interest Settlement Price of the Reference Item, Reference Item 1, Reference Item 2 or the Components comprised in the Basket, as the case may be, is equal to and/or less than the Interest Barrier Level on an Interest Barrier Observation Date or at any time during the Interest Barrier Observation Period, as specified in the relevant Final Terms.

“**Interest Barrier Level**” means the interest barrier level specified in the relevant Final Terms.

(h) *Maximum/Minimum Interest Amount, Interest Rates, Instalment Amounts and Redemption Amounts*

If any Maximum or Minimum Interest Amount, Interest Rate, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Interest Amount,

Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(i) *Rounding*

For the purposes of any calculations required pursuant to these Base Conditions (unless otherwise specified), (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (ii) all figures will be rounded to seven significant figures (with halves being rounded up) and (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes “**unit**” means, with respect to any currency other than Euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to Euro, means one cent.

(j) *Calculations*

With respect to Notes bearing a Fixed Rate or a Floating Rate only, the amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding Calculation Amount by the Day Count Fraction, save that where an Interest Amount (or a formula for its calculation) is specified in respect of such period, the amount of interest payable in respect of such Note for such period will equal such Interest Amount (or be calculated in accordance with a formula). Where the Specified Denomination of a Note bearing Floating Rate comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding. With respect to Notes bearing Floating Rate, in respect of any short or long Interest Period as specified in the applicable Final Terms, the Calculation Agent will determine the Interest Rate using Linear Interpolation.

(k) *Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts*

After the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it will, promptly, determine the Interest Rate and calculate the amount of interest payable (the “**Interest Amounts**”) on the principal amount of the Notes for the relevant Interest Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, the Paying Agent, the holders of the Notes, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange promptly after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination.

The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Base Condition 8 (*Events of Default*), the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Base Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(l) *Calculation Agent and Reference Banks*

The Issuer will use its best endeavours to ensure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Base Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Base Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(m) *Interest Rate Switch*

If Change of Interest is specified as being applicable in the relevant Final Terms, from and including the Interest Rate Switch Date, the Interest Rate applicable for the calculation of interest for each remaining Interest Period with respect to the Notes shall be the rate specified as applying from and including such Interest Rate Switch Date in the Final Terms and the initial Interest Rate applicable to the Notes shall no longer apply.

4. **REDEMPTION, PURCHASE AND OPTIONS**

(a) *Definitions*

In this Base Condition 4, unless the context requires otherwise:

(i) *Redemption amount*

The expressions “**Early Redemption Amount**”, “**Instalment Amount**”, “**Optional Redemption Amount (Call)**”, and “**Optional Redemption Amount (Put)**” mean, in respect of any Note: (A) such amount as may be specified in, or determined in accordance with the relevant Final Terms; or (B) if no such amount is specified, the principal amount of such Note.

“Final Redemption Amount” means (i) the amount as may be specified in the relevant Final Terms (ii) with respect to a Note in respect of which the relevant Final Terms specify that the Redemption/Payment Basis is Credit Linked, the amount as may be specified in the relevant Final Terms or if no such amount is specified, the outstanding principal amount of such Note or (iii) with respect to a Note in respect of which the relevant Final Terms specify that the Redemption/Payment Basis is Share Linked, Index Linked, Fund Linked, Inflation Linked, Commodity Linked, Debt Linked, Interest Rate Linked or FX Linked, an amount determined by the Calculation Agent in accordance with one of the following formulas (each a **“Final Redemption Formula”**):

- (A) if “Normal Performance” is specified as being the applicable Final Redemption Formula in the Final Terms:
 - (i) the Calculation Amount; multiplied by
 - (ii) $1 + \text{Performance of Underlying}$,
- (B) if “Normal Performance” is specified as being the applicable Final Redemption Formula in the Final Terms and the Reference Item is a Basket:
 - (i) the Calculation Amount; multiplied by
 - (ii)
 - (1) $1 +$ the sum of each of the following values calculated with respect to each Component:
 - (a) Performance of Component; multiplied by
 - (b) Component Weight, or
 - (2) $1 +$ the greater of (x) zero and (y) the sum of each of the following values calculated with respect to each Component:
 - (a) Performance of Component; multiplied by
 - (b) Component Weight,
- (C) if “Performance Differential” is specified as being the applicable Final Redemption Formula in the Final Terms and “Participation Factor” is specified as being applicable in the Final Terms:
 - (i) the Calculation Amount; multiplied by
 - (ii) $1 + (\text{Participation Factor multiplied by } (\text{Performance of Underlying 1} \text{ minus Performance of Underlying 2}))$,
- (D) if “Performance Differential” is specified as being applicable the applicable Final Redemption Formula in the Final Terms and “Participation Factor” is specified as not being applicable in the Final Terms:

- (i) the Calculation Amount; multiplied by
- (ii) $1 + (\text{Performance of Underlying 1} \text{ minus Performance of Underlying 2}),$

provided in each case that the Final Redemption Amount so determined in accordance with (A), (B), (C) or (D) above will not be greater than the Maximum Redemption Amount and will not be less than the Minimum Redemption Amount.

In this Base Condition 4, unless the context otherwise requires, the following defined terms shall have the meanings set out below.

“Performance of Underlying” where applicable, means, as specified in the applicable Final Terms:

(i)
$$\left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1 ;$$

or

(ii)
$$[\text{Max } 0;] \left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1 .$$

“Performance of Underlying 1” where applicable, with respect to Reference Item 1 is, as specified in the applicable Final Terms:

(i)
$$\left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1 ;$$

or

(ii)
$$[\text{Max } 0;] \left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1 .$$

“Performance of Underlying 2” where applicable, with respect to Reference Item 2 is, as specified in the applicable Final Terms:

(i)
$$\left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1 ;$$

or

(ii)
$$[\text{Max } 0;] \left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1 ,$$

“**Performance of Component**” where applicable, with respect to each Component of the Basket comprising the Reference Item is:

$$\left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1$$

Where:

“**Calculation Amount**” has the meaning given to it in the relevant Final Terms.

“**Component Weight**” is the weight of the relevant Component comprised in the Basket as specified in the relevant Final Terms.

“**Final Reference Level**” means (i) if Averaging is not specified as being applicable in the Final Terms, the Settlement Price on the Final Valuation Date, or (ii) if Averaging is specified as being applicable in the Final Terms, the average of the Settlement Prices determined on each of the Final Valuation Dates.

“**Final Valuation Date**” is the date or the dates on which the Settlement Price is determined by the Calculation Agent in accordance with the Specific Conditions for the purposes of determining the Final Reference Level.

“**Initial Reference Level**” is the Settlement Price on the Initial Valuation Date or the value with respect to the Reference Item as may be specified in the relevant Final Terms.

“**Initial Valuation Date**” is the date on which the Settlement Price is determined by the Calculation Agent in accordance with the Specific Conditions for the purposes of determining the Initial Reference Level.

“**Participation Factor**” is the participation factor specified in the relevant Final Terms.

“**Reference Item**” is the reference item specified in the relevant Final Terms;

“**Reference Item 1**” is the reference item specified in the relevant Final Terms;

“**Reference Item 2**” is the reference item specified in the relevant Final Terms;

“**Settlement Price**” is the value with respect to the Reference Item, Reference Item 1, Reference Item 2 or a Component determined by the Calculation Agent on the relevant date or dates in accordance with the Specific Conditions.

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Instalment Amount, the Early Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms.

(ii) *Maturity date/period*

“**Maturity Date**” has the meaning given in the relevant Final Terms.

“**Maturity Period**” means the period from and including the Issue Date to but excluding the Maturity Date.

(iii) *Redemption Barrier Event*

If a “Redemption Barrier Event” is specified as being applicable in the relevant Final Terms and has occurred, each Note entitles its holder to receive on the Barrier Redemption Date the Barrier Redemption Amount and, if it is so specified in the relevant Final Terms, each Note shall be redeemed on the Barrier Redemption Date indicated in the Final Terms.

For the purposes of this Base Condition 4(a)(iii):

“**Barrier Redemption Amount**” means the amount which the Noteholder is entitled to receive on the Barrier Redemption Date in the Settlement Currency (if applicable) in relation to each such Note, which shall be:

- (1) the amount indicated in the relevant Final Terms; or
- (2) (i) the Calculation Amount multiplied by (ii) $(1 + (\text{Participation Factor multiplied by Performance of Underlying}))$,

provided in each case that the Barrier Redemption Amount will not be greater than the Barrier Maximum Amount (if any) and will not be less than the Barrier Minimum Amount (if any).

“**Barrier Redemption Date**” has the meaning given to such item in the relevant Final Terms.

“**Redemption Barrier Event**” means that

- (1) the Settlement Price of the Reference Item, Reference Item 1 or Reference Item 2 or the Components comprised in the Basket is equal to and/or greater than the Redemption Barrier Level on a Redemption Barrier Observation Date or at any time during the Redemption Barrier Observation Period, as specified in the relevant Final Terms; or
- (2) the Settlement Price of the Reference Item, Reference Item 1 or Reference Item 2 or the Components comprised in the Basket is equal to and/or less than the Redemption Barrier Level on a Redemption Barrier Observation Date or at any time during the Redemption Barrier Observation Period, as specified in the relevant Final Terms.

“**Redemption Barrier Level**” means the barrier level specified in the relevant Final Terms.

“**Redemption Barrier Observation Date**” has the meaning given in the relevant Final Terms.

“**Redemption Barrier Observation Period**” has the meaning given in the relevant Final Terms.

(b) *Maturities/Final Redemption*

Unless previously redeemed, purchased and cancelled as provided below in accordance with Base Condition 4(f) (*Redemption at the option of the Issuer*) or 4(g) (*Redemption at the option of holders of Notes*) or unless its maturity is extended pursuant to an option of the Issuer or holders of Notes or a Redemption Barrier Event has occurred in accordance with Base Condition 4(a)(iii) above, each Note will be redeemed at its Final Redemption Amount on the Maturity Date.

(c) *Redemption for taxation reasons*

If Redemption for taxation reasons is specified in the Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, on giving not less than 30 nor more than 60 days' notice to the holders of Notes (which notice shall be irrevocable), at their Early Redemption Amount (together with interest accrued to the date fixed for redemption), if (i) based on an opinion of a nationally recognized law firm or other tax adviser in the relevant Taxing Jurisdiction (as appropriate) experienced in such matters, there is more than an unsubstantial risk that the Issuer (or, if the Guarantee of the Notes were called, the Guarantor) (A) has or will become obliged to pay additional amounts as provided or referred to in Base Condition 6 (*Taxation*) or (B) has or will become subject to more than a *de minimis* additional amount of national income taxes (and/or, in the case of Mediobanca, regional tax on productive activities – IRAP) due to partial or entire limitation to the deductibility of any payments under the Notes (provided that, with respect to Mediobanca, any additional amount of national income taxes arising from a limitation of the deductibility of interest payments exceeding the 4% percentage set forth, as at the date of the Issuing and Paying Agency Agreement, in Article 96, paragraph 5-bis of the Italian Presidential Decree No. 917 of 22 December 1986, would be considered as exceeding the aforesaid *de minimis* additional amount), in either case as a result of (1) any change in, or amendment to, the laws or regulations of Luxembourg or any political subdivision thereof or any agency or authority thereof or therein having power to tax (in the case of payments made by or on behalf of Mediobanca International) or the Republic of Italy or any political subdivision thereof or any agency or authority thereof or therein having power to tax (in the case of payments made by or on behalf of Mediobanca), or (2) any change in the application or official interpretation of such laws or regulations, or (3) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (for purposes of this definition, an “**Administrative Action**”), or (4) any clarification of, or change in the official position or the interpretation of such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the generally accepted position, in each case by any legislative body, court, governmental, administrative or regulatory authority or body, irrespective of the manner in which such clarification or change is made known, which change, amendment, Administrative Action or clarification becomes effective on or after the Issue Date, and (ii) such

obligations/limitations under (A) and (B) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it which (x) do not require the Issuer (or the Guarantor, as the case may be) to incur material out-of-pocket expenses and (y) would not otherwise be disadvantageous to the Issuer or the Guarantor, as determined in their discretion; *provided that* in the case under (A) above no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then be due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by a director of the Issuer (or the Guarantor, as the case may be) stating that such Issuer (or the Guarantor, as the case may be) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of such Issuer (or the Guarantor, as the case may be) so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that there is more than an unsubstantial risk that the Issuer (or the Guarantor, as the case may be) (A) has or will become obliged to pay such additional amounts or (B) has or will become subject to more than a *de minimis* additional amount of taxes, as indicated above, due to limitation of the deductibility of payments under the Notes as a result of such change, amendment, Administrative Action or clarification.

(d) *Purchases*

The Issuer, the Guarantor and any of the Guarantor's subsidiaries may at any time purchase Notes in the open market or otherwise at any price provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith. Without prejudice to the foregoing, if so specified in the relevant Final Terms the Issuer will be entitled to exercise the option to repurchase from the holder(s), at its sole discretion, (1) all (but not part of) the Notes of the relevant Series (the “**Total Repurchase Option**”) or (2) on one or more occasions, any portion of the Notes of the relevant Series, provided that in such circumstances the amount of the Notes of the relevant Series to be purchased from each holder shall be the same proportion that the aggregate principal amount of the Notes of the relevant Series that are subject to the relevant Partial Purchase Option bears to the aggregate principal amount of all the Notes of the relevant Series then outstanding prior to the exercise of the relevant Partial Purchase Option (the “**Partial Repurchase Option**”). The Total Repurchase Option and the Partial Repurchase Option can only be exercised by the Issuer at the date(s) and the price(s) specified in the relevant Final Terms as the Total Repurchase Option date or the Partial Repurchase Option date(s) and the Total Repurchase Option amount or Partial Repurchase Option amount(s), respectively. Upon exercise of the Total Repurchase Option or the Partial Repurchase Option, the holder(s) shall be obliged to sell to the Issuer (or any other entity indicated by the Issuer) all the Notes of the Series in relation to which the Total Repurchase Option or the Partial Repurchase Option (as the case may be) is exercised.

(e) *Redemption at the option of the Issuer*

If the Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving irrevocable notice to the holders of Notes within the period specified in the relevant Final Terms (such period to be not less than 30 nor more than 60 calendar days) redeem, or

exercise the Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Optional Redemption Amount (Call) together with interest accrued to the date fixed for redemption, unless otherwise specified in the relevant Final Terms.

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

In the case of a partial redemption or a partial exercise of an Issuer's option the notice to holders of Notes shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

(f) *Redemption at the option of holders of Notes*

If the Put Option is specified as being applicable to the Notes in the relevant Final Terms, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Optional Redemption Amount (Put) together with interest accrued to the date fixed for redemption, unless otherwise specified in the relevant Final Terms.

To exercise such option or any other option of a holder of Notes which may be set out in the Final Terms, the holder must deposit such Note with any Paying Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, within the period specified in the relevant Final Terms (such period to be not less than 30 nor more than 60 days). No Note so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agency Agreement) without the prior consent of the Issuer.

(g) *Redemption by instalments*

Unless previously redeemed, purchased and cancelled in accordance with Base Condition 4(e) (*Redemption at the option of the Issuer*) or 4(f) (*Redemption at the option of holders of Notes*), each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified on it, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

(h) *Cancellation*

Notes purchased by or on behalf of the Issuer, the Guarantor or any of the Guarantor's subsidiaries (where applicable) may be surrendered for cancellation, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor (where applicable) in respect of any such Notes shall be discharged.

5. PAYMENTS AND TALONS

(a) *Payments outside the United States*

Payments of principal and interest in respect of Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and *provided that* the Receipts are presented for payment together with their relative Notes), Notes (in the case of all other payments of principal and, in the case of interest as specified in Base Condition 5(e)(vi)) or Coupons (in the case of interest, save as specified in Base Condition 5(e)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency: *provided that* in the case of Euro, the transfer may be to a Euro account.

(b) *Payments in the United States*

Notwithstanding the foregoing, if any Notes are denominated in US Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(c) *Payments subject to law, etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Base Condition 6 (*Taxation*). No commission or expenses shall be charged to the holders of Notes or Couponholders in respect of such payments.

(d) *Appointment of Agents*

The Fiscal Agent, the Paying Agent and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agent and the Calculation Agent act solely as agents of the Issuer and the Guarantor (where applicable) and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the Guarantor (where applicable) reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Registrar or any Transfer Agent and to appoint additional or other agents *provided that* the Issuer will at all times maintain (i) a Fiscal Agent, (ii) a Calculation Agent where the Conditions so require one, (iii) the Issuer and the Guarantor (where applicable) will ensure that they maintain a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax, pursuant to European Council Directive 2003/48/EU, or any law or agreement implementing or complying with, or introduced in order to conform to, such Directive, (iv) Paying Agents having a specified office in at least two major European cities (including Luxembourg so long as the Notes are listed on the Official List of the Irish Stock Exchange),

and (v) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in US Dollars in the circumstances described in paragraph (b) above.

Notice of any such change or any change of any specified office will promptly be given to the holders of Notes in accordance with Base Condition 12 (*Notices*).

(e) *Unmatured Coupons and Receipts and unexchanged Talons*

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Base Condition 7 (*Prescription*)).
- (ii) If the relevant Notes so provide, upon the due date for redemption of any Note, unexpired Coupons relating to such Notes (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons and any unexpired Talon relating to it, and where any Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note.

(f) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered to or to the order of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Base Condition 7 (*Prescription*)).

(g) *Non-Business Days*

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

In this Base Condition 5(g) (*Non-Business Days*):

“**Additional Financial Centre**” means the city or the cities specified as such in the relevant Final Terms; and

“**Payment Business Day**” means:

- (i) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

6. **TAXATION**(a) *Gross Up*

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the Issuer or (as the case may be) the Guarantor under the Deed of Guarantee will be made without withholding or deduction for, or on the account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Grand Duchy of Luxembourg or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payments made by or on behalf of Mediobanca International) or the Republic of Italy or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payments made by or on behalf of Mediobanca), unless the withholding or deduction of such taxes, duties, assessments or governmental changes is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes, Receipts or (as the case may be) Coupons, in

the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note, Receipt or Coupon or (as the case may be) under the Deed of Guarantee:

- (i) (A) to, or to a third party on behalf of, a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of its having some connection (otherwise than merely by holding the Note, Receipt or Coupon) with (in the case of payments of principal and interest made by or on behalf of Mediobanca International) the Grand Duchy of Luxembourg or (in the case of payments of principal and interest made by or on behalf of Mediobanca and in respect of payments by Mediobanca under the Deed of Guarantee) the Republic of Italy; or (B) with respect to any Note, Receipt or Coupon presented for payment in the Republic of Italy or the Grand Duchy of Luxembourg; or (C) for or on account of imposta sostitutiva pursuant to Decree No. 239 or related implementing regulations; or (D) in all circumstances in which the requirements and procedures of Decree No. 239 and related implementing rules have not been properly and promptly met or complied with (except where due to the actions or omissions of the Issuer, the Guarantor or their agents); or (E) for or on account of withholding tax on Notes qualifying as atypical securities (*titoli atipici*) for Italian tax purposes, pursuant to Decree No. 512; or (F) to, or to a third party on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note, Receipt or Coupon by making a declaration or any other statement, including, but not limited to, a declaration of non-residence or other similar claim for exemption to the relevant taxing authority or intermediary/paying agent, but has failed to do so properly and promptly; or
- (ii) (in the case of payments of principal and interest made by or on behalf of Mediobanca and in respect of payments by Mediobanca under the Deed of Guarantee) to a holder who is a non-Italian resident or individual or legal entity which is resident in a tax haven country (as defined and listed in the Italian Ministry of Finance Decree of 23 January 2002 or in any other legislation substituting such decree) or in any country which does not allow for an adequate exchange of information with the Italian tax authorities (not included in Italian Ministerial Decree 4 September 1996 or in any other legislation substituting such decree); or
- (iii) for any Note, Receipt or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day; or
- (iv) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC or any law or agreement implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another paying agent in a Member State of the European Union; or

- (vi) (in the case of payments of principal and interest made by or on behalf of Mediobanca) where withholding or deduction is required by law pursuant to Decree No. 600; or
- (vii) where such withholding or deductions is required by an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto; or
- (viii) in any case, where in the Final Terms it is expressly specified under the section entitled “Taxation” that “Gross Up” will not apply with respect to any Note, Receipt or Coupon pursuant to this point (viii) of Base Condition 6(a) (*Taxation – Gross Up*),

without prejudice to the option of the Issuer to redeem the Notes pursuant to, and subject to the conditions of, Base Condition 4(c) (*Redemption for taxation reasons*).

(b) *Taxing Jurisdiction*

If the Issuer or the Guarantor (where applicable) becomes subject at any time to any taxing jurisdiction other than the Grand Duchy of Luxembourg or the Republic of Italy respectively, references in these Base Conditions to Luxembourg or Italy shall be construed as references to the Grand Duchy of Luxembourg or (as the case may be) the Republic of Italy and/or such other jurisdiction.

As used in these Base Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Base Condition 12 (*Notices*) that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Base Conditions, such payment will be made, *provided* that payment is in fact made upon such presentation. References in these Base Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Base Condition 4 (*Redemption, Purchase and Options*) or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Base Condition 3 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts which may be payable under this Base Condition.

7. **PRESCRIPTION**

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

8. EVENTS OF DEFAULT

If any of the following events occurs and is continuing, the holder of a Note of any Series may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (A) *Default in payment of principal or interest:* default is made for a period of five Business Days or more in the payment of any principal on any of the Notes or for a period of fifteen Business Days or more in the payment of any interest due in respect of the Notes or any of them;
- (B) *Failure to perform any other Obligation:* the Issuer or the Guarantor (where applicable) fails duly to perform any other obligation under or in respect of the Notes, the Deed of Guarantee or the Issue and Paying Agency Agreement and such failure continues for more than 30 days after the service by a holder of a Note of notice on the Issuer requiring the same to be remedied;
- (C) *General suspension of payments:* the Issuer or the Guarantor (where applicable) suspends its payments generally;
- (D) *Bankruptcy, composition or similar event:* a court in the country of domicile of the Issuer or the Guarantor (where applicable) institutes bankruptcy proceedings or composition proceedings to avert a bankruptcy or the Issuer or the Guarantor (where applicable) applies for institution of such proceedings or any event occurs which under the laws of the Republic of Italy or Luxembourg has an analogous effect to such proceedings;
- (E) *Cross-default:* (i) any other present or future indebtedness of the Issuer or the Guarantor (where applicable) for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity as a result of any payment default thereon by the Issuer or, as the case may be, the Guarantor (where applicable), or (ii) any such indebtedness is not paid when due or, as the case may be, within an applicable grace period, or (iii) the Issuer or the Guarantor (where applicable) fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of any moneys borrowed or raised *provided that* an event of default pursuant to this Base Condition 8(E) shall only occur if: (A) the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one of the events mentioned in paragraphs (i), (ii) or (iii) above have occurred and is continuing exceeds €35,000,000 and (B) the Issuer or the Guarantor (where applicable) is not contesting in good faith in a competent court in a recognised jurisdiction that the relevant indebtedness or guarantee and/or indemnity is due and enforceable, as appropriate;
- (F) *Insolvency:* either the Issuer or the Guarantor (where applicable) is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or

declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or the Guarantor (where applicable);

- (G) *Winding-up*: an order is made or an effective resolution is passed for the winding-up or dissolution or administration of the Issuer or the Guarantor (where applicable), or the Issuer or the Guarantor (where applicable) applies or petitions for a winding-up or administration order in respect of itself or ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purposes of and pursuant to or in connection with a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation, deconsolidation or disposal or contribution in kind of assets or branches of business;
- (H) *Ownership*: in respect of Notes issued by Mediobanca International, Mediobanca International ceases to be controlled by Mediobanca (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of Mediobanca International under the Notes).
- (I) *Illegality*: it is or will become unlawful for the Issuer or the Guarantor (where applicable) to perform or comply with any one or more of its obligations under any of the Notes or the Deed of Guarantee (where applicable); or
- (J) *Guarantee*: in respect of Notes issued by Mediobanca International, the Deed of Guarantee (where applicable) ceases to be a valid and binding obligation of the Guarantor or it becomes unlawful for the Guarantor to perform its obligations under the Deed of Guarantee or the Deed of Guarantee is claimed by Mediobanca International or the Guarantor not to be in full force and effect (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of Mediobanca International under the Notes).

9. MEETINGS OF HOLDERS OF NOTES AND MODIFICATIONS

(a) *Meetings of holders of Notes*

Articles 86 to 94-8 of the Luxembourg law dated 10 August 1915, as amended, are not applicable to the Notes.

The Issue and Paying Agency Agreement contains provisions for convening meetings of holders of Notes to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Notes (including these Base Conditions insofar as the same may apply to such Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of Notes, whether present or not and on all relevant holders of Coupons, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount or an Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (iv) if a Minimum

and/or a Maximum Interest Amount, Interest Rate, Instalment Amount or Redemption Amount is shown in the Final Terms, to reduce any such Minimum and/or Maximum, (v) to change any method of calculating the Redemption Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions contained concerning the quorum required at any meeting of holders of Notes or any adjournment thereof or concerning the majority required to pass an Extraordinary Resolution, (viii) to modify the provisions which would have the effect of giving any authority, direction or sanction which under the Notes is required to be given pursuant to a meeting of holders of Notes to which the special quorum provisions apply, (ix) to take any steps which as specified in the Final Terms may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (x) to amend the foregoing exceptions in any manner, will only be binding if passed at a meeting of the holders of Notes (or at any adjournment thereof) at which a special quorum (provided for in the Issue and Paying Agency Agreement) is present.

(b) *Modification of Issue and Paying Agency Agreement*

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Issue and Paying Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the holders of Notes.

(c) *Errors or inconsistencies*

The Issuer and the Guarantor may, without the prior consent of the holders of the Notes correct (i) any manifest error in these Base Conditions, the Specific Conditions and/or in the Final Terms, (ii) any error of a formal, minor or technical nature in these Base Conditions, the Specific Conditions and/or in the Final Terms or (iii) any inconsistency in these Base Conditions, the Specific Conditions and/or in the Final Terms between these Base Conditions, the Specific Conditions and/or in the Final Terms and any other documents prepared in connection with the issue and/or offer of a Series of Notes (provided such correction is not materially prejudicial to the holders of the relevant Series of Notes). Any such correction shall be binding on the holders of the relevant Notes and the Issuer and the Guarantor (if applicable) shall cause such correction to be notified to the holders of the Notes as soon as practicable thereafter pursuant to Base Condition 12 (*Notices*).

10. **REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to holders in accordance with Base Condition 12 (*Notices*), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be

surrendered before replacements will be issued.

11. FURTHER ISSUES AND CONSOLIDATION

The Issuer may from time to time without the consent of the holders of Notes or Coupons create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Price, the Issue Date and/or the first payment of interest) and so that the same shall be consolidated and form a single series with such Notes, and references in these Base Conditions to “Notes” shall be construed accordingly.

The Issuer may also from time to time upon not less than 30 days' prior notice to Noteholders, without the consent of the holders of Notes or Coupons of any Series, consolidate the Notes with Notes of one or more other Series (the “Other Notes”) issued by it, provided the Notes and the Other Notes have been redenominated into Euro (if not originally denominated in Euro), and otherwise have, in respect of all periods subsequent to such consolidation, the same terms. Notice of any such consolidation will be given to the Noteholders in accordance with Base Condition 12 (*Notices*). The Fiscal Agent shall act as the consolidation agent.

With effect from their consolidation, the Notes and the Other Notes will (if listed prior to such consolidation) be listed on at least one European stock exchange on which either the Notes or the Other Notes were listed immediately prior to such consolidation.

The Issuer shall in dealing with holders of such Notes following a consolidation pursuant to this Base Condition 11 (*Further Issues and Consolidation*) have regard to the interest of the holders and the holders of the Other Notes, taken together as a class, and shall treat them alike.

12. NOTICES

Notices to the holders of Notes will be valid if published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or on the website of the Irish Stock Exchange (www.ise.ie) or on the website of the relevant Issuer (www.mediobanca.it or www.mediobancaint.lu) and the Guarantor (www.mediobanca.it). If any such publication is not practicable, notice will be validly given if published in another leading daily English language newspaper of general circulation in Europe.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Holders of Coupons shall be deemed for all purposes to have notice of the contents of any notice to the holders of Notes in accordance with this Base Condition.

13. SUBSTITUTION OF THE ISSUER

- (a) The Issuer and, in case of Notes issued by Mediobanca International, the Guarantor may at any time, without the consent of the holders of Notes or Coupons, substitute Mediobanca in place of Mediobanca International or Mediobanca International in place of Mediobanca (the “Substitute”) upon notice by the Issuer, the Guarantor (in case of Notes issued by Mediobanca International) and the Substitute to be given in accordance with Base Condition 12 (*Notices*), provided that;

- (i) no payment in respect of the Notes, the Receipts or the Coupons or the Deed of Guarantee (as the case may be) is at the relevant time overdue;
 - (ii) the Substitute shall, by means of a deed poll in the form scheduled to the Programme Manual as Schedule 12 (the “**Deed Poll**”), agree to indemnify each holder of Notes and Coupons against any incremental tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and which would not have been so imposed or otherwise suffered by any holder of Notes, Receipts or Coupons had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
 - (iii) in respect of Notes issued by Mediobanca International, where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll, in accordance with the terms thereof;
 - (iv) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and, where applicable, of the Guarantor have been taken, fulfilled and done and are in full force and effect;
 - (v) the Substitute shall have become party to the Issue and Paying Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
 - (vi) legal opinions shall have been delivered to the Fiscal Agent and Dealers from lawyers of recognised standing in each jurisdiction referred to in (ii) above, in Italy and in England as to the fulfilment of the requirements of this Base Condition 13 (*Substitution of the Issuer*) and the other matters specified in the Deed Poll and that the Notes, Receipts, Coupons and Talons are legal, valid and binding obligations of the Substitute;
 - (vii) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
 - (viii) if applicable, the Substitute has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes.
- (b) Upon the execution of the Deed Poll and the delivery of the legal opinions, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Notes and the Issue and Paying Agency Agreement

with the same effect as if the Substitute had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Notes and under the Issue and Paying Agency Agreement.

- (c) After a substitution pursuant to Base Condition 13(a), the Substitute may, without the consent of any holder, effect a further substitution. All the provisions specified in Base Conditions 13(a) and 13(b) shall apply *mutatis mutandis*, and references in these Base Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute.
- (d) After a substitution pursuant to Base Condition 13(a) or 13(c) any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*.
- (e) The Deed Poll and all documents relating to the substitution shall be delivered to, and kept by, the Fiscal Agent. Copies of such documents will be available free of charge at the specified office of the Paying Agent.

14. LAW AND JURISDICTION

(a) *Governing Law*

If it is specified in the Final Terms that English law is applicable to the Notes, the Notes and any contractual or non-contractual obligations arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law. If it is specified in the Final Terms that Italian law is applicable to the Notes, the Notes are governed by, and shall be construed in accordance with, Italian law.

(b) *Jurisdiction*

If it is specified in the Final Terms that English law is applicable to the Notes, subject to Base Condition 14(d) (*Rights of the Noteholders to take proceedings outside England*), the courts of England have exclusive jurisdiction to settle any dispute (a “Dispute”), arising from or connected with the Notes, whether arising out of or in connection with contractual or non-contractual obligations. If it is specified in the Final Terms that Italian law is applicable to the Notes, the Courts of Milan shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with these Notes.

(c) *Appropriate forum*

If it is specified in the Final Terms that English law is applicable to the Notes, each of the Issuer and the Guarantor (where applicable) agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

(d) *Rights of the Noteholders to take proceedings outside England*

If it is specified in the Final Terms that English law is applicable to the Notes, Base Condition 14(b) (*Jurisdiction*) is for the benefit of the Noteholders only and as a result, nothing in this Base Condition 14 (*Law and Jurisdiction*) prevents any Noteholder from taking proceedings

relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) *Service of notices/documents*

If it is specified in the Final Terms that English law is applicable, each of the Issuer and the Guarantor (where applicable) agree that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on them by being delivered to Mediobanca – London Branch 33 Grosvenor Place, London SW1X 7HY United Kingdom. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer and the Guarantor (where applicable), the Issuer and the Guarantor (where applicable) shall, on the written demand of any Noteholder addressed and delivered to the Issuer and to the Guarantor (where applicable) or to the specified office of the Fiscal Agent appoint a further person in England to accept service of process on their behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and the Guarantor (where applicable) and delivered to the Issuer and the Guarantor (where applicable) or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

(f) *Non-applicable Base Conditions if Italian law applies to the Notes*

If it is specified in the Final Terms that Italian law is applicable, Base Conditions 14(c) (*Appropriate forum*), 14(d) (*Rights of the Noteholders to take proceedings outside England*) and 14(e) (*Service of notices/documents*) shall not apply.

PART 2 – GENERAL FORM OF FINAL TERMS FOR NOTES

The Final Terms in respect of each Tranche of Notes will be in the following form and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms

[MEDIOBANCA - Banca di Credito Finanziario S.p.A./

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.]

Issue of [*currency*] [*aggregate principal amount*] Notes due [*maturity*]

**[guaranteed in the case of Notes issued by
MEDIOBANCA INTERNATIONAL (Luxembourg) S.A. by**

MEDIOBANCA - Banca di Credito Finanziario S.p.A.]

under the

Structured Note Issuance Programme

SERIES NO: []

TRANCHE NO: []

Issue Price: [] per cent.

[Dealer(s)]

The date of these Final Terms is []

[The Base Prospectus referred to below (as completed by [the supplement to the Base Prospectus dated [] and] these Final Terms) has been prepared on the basis that, except as provided in subparagraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented Directive (2003/71/EC) (as amended) (the “**Prospectus Directive**”) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 9 (*Non-exempt offer*) of Part B below, provided such person is one of the persons mentioned in Paragraph 9 (*Non-exempt offer*) of Part B below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]¹

[The Base Prospectus referred to below (as completed by [the supplement to the Base Prospectus dated [] and] these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented Directive (2003/71/EC) (as amended) (the “**Prospectus Directive**”) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offer of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]²

[This document constitutes the Final Terms relating to the issue of Notes 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 [•] 2014 [and the supplement to the Base Prospectus dated [insert date] [delete if not applicable],] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as supplemented from time to time]. Full information on the Issuer [and the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at [address] and [website] and copies may be obtained from [address]].

¹ Include where a non-exempt offer of Notes is anticipated.

² Include where an exempt offer of Notes is anticipated.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

[This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated *[date of original base prospectus]*. 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) (as amended) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [•] 2014 [and the supplement to the Base 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 Base Prospectus dated *[original date]* which is incorporated by reference to the Base Prospectus dated [•] 2014. Full information on the Issuer [and the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated *[date of original base prospectus]* and [•] 2014 [and the supplement to the Base Prospectus dated []]. The Base Prospectuses [and the supplement to the Base Prospectus] [is/are] available for viewing at the registered office[s] of the Issuer [and of the Guarantor] [at []].]

The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Irish Stock Exchange, the applicable Final Terms will also be published on the website of the Irish Stock Exchange (*www.ise.ie*).]

[A summary of the individual issue is annexed to these Final Terms.]¹

[Include whichever of the following apply or specify as “not applicable”. Note that the numbering should remain as set out below, even if individual items are deleted.]

[When completing any final terms, 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 Base Prospectus under Article 16 of the Prospectus Directive]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

¹ Include only where a non-exempt offer of Notes is anticipated.

PART A – GENERAL

1. (i) Series Number: []
- [(ii) Tranche Number: []
- [(iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[identify earlier tranches]* on [the Issue Date] [exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below, which is expected to occur on or about *[date]*] [Not Applicable]
- (Only relevant if the Notes are fungible with an existing Series).]*
2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount of Notes admitted to trading:
- (i) Series: []
- [(ii) Tranche: []
- [The Aggregate Nominal Amount will not exceed [] and will be determined at the end of the Offer Period (as defined in paragraph [11] of Part B below).]
4. Issue Price: [[] per Note] [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
5. (i) Specified Denominations: [] [and integral multiples of [] in excess thereof up to and including []. No Notes in definitive form will be issued with a denomination above [].]
- (Notes including Notes denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of the Financial Services and Markets Act 2000 and which have a maturity of less*

than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)

- (ii) Calculation Amount: [] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*
6. (i) Issue Date: []
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
7. Maturity Date: [Specify date or Interest Payment Date falling in relevant month and year.]
- (If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” or (ii) another applicable exemption from section 19 of the FSMA must be available.)*
8. Interest Basis: [[] per cent. Fixed Rate [for the [*] Fixed Rate Period]] *(specify for each Fixed Rate Period)*
- [[EURIBOR] [LIBOR] [LIBID] [LIMEAN] [CMS] [relevant yield of Government securities] [relevant swap rate]] +/- [] per cent. Per annum Floating Rate [for the [*] Floating Rate Period]] *(specify for each Floating Rate Period)*
- [Structured Rate]*(further particulars specified below)*
9. Redemption/Payment Basis: [Redemption at par]

[Instalment]

[Share Linked]

[Index Linked]

[Fund Linked]

[Credit Linked]

[Inflation Linked]

[Commodity Linked]

[Debt Linked]

[Interest Rate Linked]

[FX Linked]

[Physical Delivery]

(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)

10. Change of Interest: [Applicable – Base Condition 3(m) (*Interest Rate Switch*) shall apply]
 [Not Applicable – Base Condition 3(m) (*Interest Rate Switch*) shall not apply]
- Interest Rate Switch Date: [] [Not Applicable] [*Insert description of change of interest rate*]
11. Put/Call Options: [Not Applicable]
 [Investor Put]
 [Issuer Call]
 [*further particulars specified below*)]
12. [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related

guarantee of the Notes)

13. Method of distribution: [Syndicated/Non-syndicated]
14. [Taxation: [Gross Up is applicable pursuant to paragraph (viii) of Base Condition 6(a) (*Taxation - Gross Up*)]
[Gross Up is not applicable pursuant to paragraph (viii) of Base Condition 6(a) (*Taxation - Gross Up*)]
15. Governing Law: [English law applicable]
[Italian law applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Rate(s): [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] [for the [*] Fixed Rate Period] (*specify for each Fixed Rate Period*)
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
(N.B. This will need to be amended in the case of long or short coupons)
- [(iii)] Interest Accrual Dates(s): [The Interest Accrual Dates are [] in each year up to and including the Maturity Date.] [The Interest Accrual Dates shall be the Interest Payment Dates.]
- [(iv)] [Fixed Rate Periods: [From the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “[] **Fixed Rate Period**”)] [and] [from the [Issue Date] [[*] Interest Rate Switch Date] [Interest

Payment Date falling on [*] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “[.....] **Fixed Rate Period**”)]. (*specify for each Fixed Rate Period*)

(N.B. only relevant in case of more than one Fixed Rate Period)

(v) Fixed Coupon Amount[(s)]: [] per Calculation Amount [for the [*] Fixed Rate Period] (*specify for each Fixed Rate Period*)

(vi) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [for the [*] Fixed Rate Period] (*specify for each Fixed Rate Period*)

[Not Applicable] (*if different, specify for each Fixed Rate Period*)

(vii) Business Day Convention: [Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [adjusted] [unadjusted] (*if different, specify for each Fixed Rate Period*)

(viii) Day Count Fraction: [1/1] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [with respect to the [*] Fixed Rate Period] (*specify for each Fixed Rate Period*)

17. Floating Rate Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph.)

(i) Interest Payment Dates: []

(ii) First Interest Payment Date: []

[(iii)] Interest Accrual Dates(s): [The Interest Accrual Dates are [] in each year up to and including the Maturity Date.] [The Interest Accrual Dates shall be

- the Interest Payment Dates.]
- [(iv)] [Floating Rate Periods: [From the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “[.....] **Floating Rate Period**”)] [and] [from the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “[.....] **Floating Rate Period**”)]. (*specify for each Floating Rate Period*)
- (*N.B. only relevant in case of more than one Floating Rate Period*)
- (v) Business Day Convention: [Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [adjusted] [unadjusted] [for the [*] Floating Rate Period] (*specify for each Floating Rate Period*)
- (vi) Additional Business Centre(s): [Not Applicable]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/CMS Determination/other] [for the [*] Floating Rate Period] (*specify for each Floating Rate Period*)
- (viii) Screen Rate Determination: [Applicable/Not Applicable]
- (*If not applicable, delete the remaining sub-paragraphs of this paragraph (viii)*)
- [[*] Floating Rate Period] (*specify the following sub-paragraphs for each Floating Rate Period*)
- Reference Rate: [EURIBOR] [LIBOR] [LIBID] [LIMEAN] [CMS] [*specify relevant yield of Government securities*] [*specify relevant swap rate*]
 - Specified Duration: [] [Not Applicable]
 - Multiplier: [] [Not Applicable]

- Reference Rate Multiplier: [] [Not Applicable]
 - Interest Determination Date(s): [The Interest Determination Date in respect of each Interest Period is [the first day of each Interest Period] [the second day on which TARGET2 is open prior to the first day of each Interest Period] [the day falling two Banking Days prior to the first day of each Interest Period] []] Typically second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second TARGET Settlement Day prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: [For example, Reuters page EURIBOR01/*]
 - Relevant Time: [For example, 11.00 a.m. [London / Brussels] time /*]
 - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro/*)]
- (ix) ISDA Determination: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph (viii) (ISDA Determination))*
- [*] Floating Rate Period: *(specify the following sub-paragraphs for each Floating Rate Period)*
- Floating Rate Option: [] [Not Applicable]
 - Designated Maturity: [] [Not Applicable]
 - Reset Date: [] [Not Applicable]
- (x) Margin(s): [[+/-][] per cent. per annum] [for the [*] Floating Rate Period] *(specify for each Floating Rate Period)*
- [Not Applicable]

- (xi) Minimum Interest Rate: [] [for the [*] Floating Rate Period] (specify for each Floating Rate Period) [Not Applicable]
- (xii) Maximum Interest Rate: [] [for the [*] Floating Rate Period] (specify for each Floating Rate Period) [Not Applicable]
- (xiii) Day Count Fraction: [1/1] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] (specify for each Floating Rate Period)
- (xiv) Interest calculation method for short or long Interest Periods: [Linear Interpolation, in respect of the Interest Period beginning on (and including) [] and ending on (but excluding) []]
[Not Applicable – there are no short or long Interest Periods]
- (xv) Party responsible for calculating the Interest Rate(s) and Interest Amount(s) (if not the Fiscal Agent): [] [Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)
18. **Structured Rate Provisions** [Applicable/Not Applicable]
- Structured Rate Formula:** (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) **Performance Differential:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- Interest Amount: Calculation Amount * [(Interest Participation Factor *][the greater of (i) Floor and (ii)] (Performance of Underlying 1 – Performance of Underlying 2))
 - Interest Participation Factor: [] [Not Applicable]
 - Floor: []
 - Reference Item 1: [] [from the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate

- Switch Date] [Interest Payment Date falling on [*]] and [from the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date]] []
- Reference Item 2: [] [from the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] and [from the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date]] []
 - Interest Settlement Price: [] [*specify for each of Reference Items 1 and Reference Items 2 in accordance with the Specific Conditions*]
 - Initial Interest Reference Level: [] [With respect to Reference Item 1 and Reference Item 2, the Interest Settlement Price on the Initial Interest Valuation Date.]
 - Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Interest Averaging Dates].
 - Initial Interest Valuation Date: [] [Not Applicable]
 - Final Interest Valuation Date: [] [Not Applicable]
 - Averaging: [Applicable] [Not Applicable]
 - Interest Averaging Dates: [] [Not Applicable]
- (ii) **Best Performance:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Interest Amount: Calculation Amount * [(Interest Participation Factor) *] [the greater of (i) Floor and (ii)] (Best Performance of Underlying)

- Interest Participation Factor: [] [Not Applicable]
 - Floor: []
 - Component[s]: []
 - Component[s] Weight[s]: []
 - Interest Settlement Price: [] [*specify for each Component in accordance with the Specific Conditions*]
 - Initial Interest Reference Level: [] [With respect to each Component, the Interest Settlement Price on the Initial Interest Valuation Date.]
 - Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Date].
 - Initial Interest Valuation Date: [] [Not Applicable]
 - Final Interest Valuation Date: [] [Not Applicable]
 - Averaging: [Applicable] [Not Applicable]
 - Interest Averaging Dates: [] [Not Applicable]
- (iii) Worst Performance:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Interest Amount: Calculation Amount * [(Interest Participation Factor) *] [the greater of (i) Floor and (ii)] (Best Performance of Underlying)
 - Interest Participation Factor: [] [Not Applicable]
 - Floor: []
 - Component[s]: []
 - Component[s] Weight[s]: []
 - Interest Settlement Price: [] [*specify for each Component in accordance with the Specific Conditions*]
 - Initial Interest Reference Level: []

- Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates]
 - Initial Interest Valuation Date: [] [Not Applicable]
 - Final Interest Valuation Date: [] [Not Applicable]
 - Averaging: [Applicable] [Not Applicable]
 - Interest Averaging Dates: [] [Not Applicable]
- (iv) **Digital Call:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [Digital Call Periods:] [From the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “[*] **Digital Call Period**”)] [and] [from the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “ [*] **Digital Call Period**”)]. *(specify for each Digital Call Period)*
- (N.B. only relevant in case of more than one Digital Call Period)*
- [[*] Digital Call Period:] *(specify the following sub-paragraphs for each Digital Call Period)*
- Interest Amount: [] if a Structured Barrier Event has occurred and [] if a Structured Barrier Event has not occurred.
 - Structured Barrier Event: A Structured Barrier Event has occurred if [the Interest Settlement Price of the Reference Item on the Structured Barrier Observation Date] [the average of the Interest Settlement Prices of the Reference Item on each of the Structured Barrier Observation Dates] is [equal to] [and] [/] [or] [greater than] the Structured Barrier

Level.

- Reference Item: [] [from the [Issue Date] [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] and [from the [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date]] [with respect to the [*] Digital Call Period] []
 - Interest Settlement Price: [] [*specify for Reference Item in accordance with the Specific Conditions*]
 - Structured Barrier Observation Date[s]: []
 - Structured Barrier Level: []
- (v) **Digital Put:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [Digital Put Periods:] [From the [Issue Date] [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “ [*] **Digital Put Period**”)] [and] [from the [Issue Date] [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “ [*] **Digital Put Period**”)]. (*specify for each Digital Put Period*)
- (N.B. only relevant in case of more than one Digital Put Period)*
- [[*] Digital Put Period:] (*specify the following sub-paragraphs for each Digital Put Period*)
- Interest Amount: [] if a Structured Barrier Event has occurred and [] if a Structured Barrier Event has not occurred.

- Structured Barrier Event: A Structured Barrier Event has occurred if [the Interest Settlement Price of the Reference Item on the Structured Barrier Observation Date] [the average of the Interest Settlement Prices of the Reference Item on each of the Structured Barrier Observation Dates] is [equal to] [and] [/] [or] [less than] the Structured Barrier Level.
 - Reference Item: [] [from the [Issue Date] [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] and [from the [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date]] [with respect to the [*] Digital Put Period] []
 - Interest Settlement Price: [] [*specify for each Reference Item in accordance with the Specific Conditions*]
 - Structured Barrier Observation Date[s]: []
 - Structured Barrier Level: []
- (vi) **Best of Digital Call:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [Best of Digital Call Periods:] [From the [Issue Date] [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “ [*] **Best of Digital Call Period**”)] [and] [from the [Issue Date] [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “ [*] **Best of Digital Call Period**”)].
(specify for each Best of Digital Call Period)

(N.B. only relevant in case of more than one Best of Digital Call Period)

[[*] Best of Digital Call Period:]

(specify the following sub-paragraphs for each Best of Digital Call Period)

- Interest Amount: [] if a Structured Barrier Event has occurred and [] if a Structured Barrier Event has not occurred.
- Structured Barrier Event: A Structured Barrier Event has occurred if, with respect to an Interest Period and the Component comprised in the Basket having the highest Performance of Component in that Interest Period, [the Interest Settlement Price on the Structured Barrier Observation Date] [the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates] is [equal to] [and] [/] [or] [greater than] the Structured Barrier Level.
- Performance of Underlying:

$$\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$
 []

$$\left[\text{Max } 0; \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$
 []
- Component[s]: []
- Component[s] Weight[s]: []
- Interest Settlement Price: [] *[specify for Reference Item in accordance with the Specific Conditions]*
- Structured Barrier Observation Date[s]: []
- Structured Barrier Level: []
- Initial Interest Reference Level: [] [With respect to each Component, the Interest Settlement Price on the Initial Interest Valuation Date.]
- Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final

| | |
|--|---|
| | Interest Valuation Dates]. |
| • Initial Interest Valuation Date: | [] [Not Applicable] |
| • Final Interest Valuation Date: | [] [Not Applicable] |
| • Averaging: | [Applicable] [Not Applicable] |
| Interest Averaging Dates: | [] [Not Applicable] |
| (vii) Best of Digital Put: | [Applicable/Not Applicable] |
| | <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| • [Best of Digital Put Periods:] | [From the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “ [*] Best of Digital Put Period ”)] [and] [from the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “ [*] Best of Digital Put Period ”)]. <i>(specify for each Best of Digital Put Period)</i> |
| | <i>(N.B. only relevant in case of more than one Best of Digital Put Period)</i> |
| <u>[[*] Best of Digital Put Period:]</u> | <i>(specify the following sub-paragraphs for each Best of Digital Put Period)</i> |
| • Interest Amount: | [] if a Structured Barrier Event has occurred and [] if a Structured Barrier Event has not occurred. |
| • Structured Barrier Event: | A Structured Barrier Event has occurred if, with respect to an Interest Period and the Component comprised in the Basket having the highest Performance of Component in that Interest Period, [the Interest Settlement Price on the Structured Barrier Observation Date] [the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates] is [equal to] [and] [/] [or] [less than] the |

Structured Barrier Level.

- Performance of Underlying:

$$\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

$$\left[\text{Max } 0; \left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \right]$$
- Component[s]: []
- Component[s] Weight[s]: []
- Interest Settlement Price: [] [*specify for Reference Item in accordance with the Specific Conditions*]
- Structured Barrier Observation Date[s]: []
- Structured Barrier Level; []
- Initial Interest Reference Level: [] [With respect to each Component, the Interest Settlement Price on the Initial Interest Valuation Date.]
- Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].
- Initial Interest Valuation Date: [] [Not Applicable]
- Final Interest Valuation Date[s]: [] [Not Applicable]
- Averaging: [Applicable] [Not Applicable]
- Interest Averaging Dates: [] [Not Applicable]
- (viii) **Worst of Digital Call:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- [Worst of Digital Call Periods:] [From the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “ [*] **Worst of Digital Call Period**”)] [and] [from the [Issue

Date] [[*] Interest Rate Switch Date]
 [Interest Payment Date falling on [*]] to
 the [[*] Interest Rate Switch Date]
 [Interest Payment Date falling on [*]] [(the
 “ [*] **Worst of Digital Call Period**”).
 (specify for each Worst of Digital Call
 Period)

(N.B. only relevant in case of more than
 one Worst of Digital Call Period)

[[*] Worst of Digital Call Period:]

(specify the following sub-paragraphs for
 each Worst of Digital Call Period)

- Interest Amount:

[] if a Structured Barrier Event has
 occurred and [] if a Structured Barrier
 Event has not occurred.

- Structured Barrier Event:

A Structured Barrier Event has occurred if,
 with respect to an Interest Period and the
 Component comprised in the Basket
 having the lowest Performance of
 Component in that Interest Period, [the
 Interest Settlement Price on the Structured
 Barrier Observation Date] [the average of
 the Interest Settlement Prices on each of
 the Structured Barrier Observation Dates]
 is [equal to] [and] [/] [or] [greater than] the
 Structured Barrier Level.

- Performance of Underlying:

$$\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

[]

$$\left[\text{Max } 0; \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

[]

- Component[s]:

[]

- Component[s] Weight[s]:

[]

- Interest Settlement Price:

[] [specify for Reference Item in
 accordance with the Specific Conditions]

- Structured Barrier Observation
 Date[s]:

[]

- Structured Barrier Level: []
 - Initial Interest Reference Level: [] [With respect to each Component, the Interest Settlement Price on the Initial Interest Valuation Date.]
 - Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].
 - Initial Interest Valuation Date: [] [Not Applicable]
 - Final Interest Valuation Date[s]: [] [Not Applicable]
 - Averaging: [Applicable] [Not Applicable]
 - Interest Averaging Dates: [] [Not Applicable]
- (ix) **Worst of Digital Put:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [Worst of Digital Put Periods:] [From the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “ [*] **Worst of Digital Put Period**”)] [and] [from the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [(the “ [*] **Worst of Digital Put Period**”)]. *(specify for each Worst of Digital Put Period)*
- (N.B. only relevant in case of more than one Worst of Digital Put Period)*
- [[*] Worst of Digital Put Period:] *(specify the following sub-paragraphs for each Worst of Digital Put Period)*
- Interest Amount: [] if a Structured Barrier Event has occurred and [] if a Structured Barrier Event has not occurred.
 - Structured Barrier Event: A Structured Barrier Event has occurred if, with respect to an Interest Period and the Component comprised in the Basket

having the lowest Performance of Component in that Interest Period, [the Interest Settlement Price on the Structured Barrier Observation Date] [the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates] is [equal to] [and] [/] [or] [less than] the Structured Barrier Level.

- Performance of Underlying:

$$\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

$$\left[\text{Max } 0; \left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \right]$$
- Component[s]: []
- Component[s] Weight[s]: []
- Interest Settlement Price: [] [*specify for Reference Item in accordance with the Specific Conditions*]
- Structured Barrier Observation Date[s]: []
- Structured Barrier Level: []
- Initial Interest Reference Level: [] [With respect to each Component, the Interest Settlement Price on the Initial Interest Valuation Date.]
- Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].
- Initial Interest Valuation Date[s]: [] [Not Applicable]
- Final Interest Valuation Date[s]: [] [Not Applicable]
- Averaging: [Applicable] [Not Applicable]
- Interest Averaging Dates: [] [Not Applicable]
- (x) **European Call:** [Applicable/Not Applicable]

(If not applicable, delete the remaining

sub-paragraphs of this paragraph)

Option 1

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of Option 1)

- Interest Amount: Calculation Amount * [(Spread plus Interest Participation Factor) * (the greater of (i) Floor and (ii) Performance of Underlying)]
- Initial Interest Reference Level: [] [With respect to the Reference Item, the Interest Settlement Price on the Initial Interest Valuation Date.]

[[for Inflation Linked Notes only] The Index Level reported for the Initial Index Level Month]
- Final Interest Reference Level: [The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].]

[[for Inflation Linked Notes only] The Index Level reported for the Final Index Level Month.]
- Initial Interest Valuation Date: [] [Not Applicable]
- Final Interest Valuation Date[s]: [] [Not Applicable]
- Averaging: [Applicable] [Not Applicable]
Interest Averaging Dates: [] [Not Applicable]
- Reference Item: [] [from the [Issue Date] [*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] and [from the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date]] []
- Interest Participation Factor: []

- Floor: []
 - Spread: []
- Option 2** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of Option 2)*
- Interest Amount: Calculation Amount * (the greater of (i) Floor and (ii) [Spread plus]([][Interest Participation Factor] * Performance of Underlying)[])
 - Initial Interest Reference Level: [] [With respect to the Reference Item, the Interest Settlement Price on the Initial Interest Valuation Date.]

[[for Inflation Linked Notes only] The Index Level reported for the Initial Index Level Month.]
 - Final Interest Reference Level: [The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].]

[[for Inflation Linked Notes only] The Index Level reported for the Final Index Level Month.]
 - Initial Interest Valuation Date: [] [Not Applicable]
 - Final Interest Valuation Date[s]: [] [Not Applicable]
 - Averaging: [Applicable] [Not Applicable]
 - Interest Averaging Dates: [] [Not Applicable]
 - Reference Item: [] [from the [Issue Date] [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] and [from the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] to the [[*] Interest Rate Switch Date] [Interest Payment Date falling on [*]] [Maturity Date]] []

- Interest Participation Factor: []
- Floor: []
- Spread: []

(xi) General: *(the following apply generally to all the Structured Rate Provisions from (i) to (x) above)*

- Interest Barrier Event: [Applicable. An Interest Barrier Event will occur if the Interest Settlement Price of [the Reference Item][Reference Item 1][Reference Item 2][the Component[s] comprised in the Basket] is [equal to] [and] [/] [or] [greater than][less than] the Interest Barrier Level on [an Interest Barrier Observation Date][at any time during the Interest Barrier Observation Period].] [Upon the occurrence of an Interest Barrier Event the Notes [cease to bear interest from] [and/or] [will be redeemed early on [] [the Interest Barrier Payment Date falling on []].]

[Not Applicable] *(If not applicable, delete the remaining sub-paragraphs from (a) to (d) below)*

- (a) Interest Barrier Amount: []

[Calculation Amount multiplied by (1+(Participation Factor multiplied by Performance of Underlying))]

- (b) Performance of Underlying:

$$\left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right]$$

[]

$$\left[\text{Max } 0; \left[\frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right] \right]$$

[]

- (c) Interest Barrier Level: []
- (d) Interest Barrier Payment Date[s]: []
- (e) Interest Barrier: []

Observation Period:

- Maximum Interest Amount: [] [Not Applicable]
- Minimum Interest Amount: [] [Not Applicable]
- Interest Payment Dates: []
- First Interest Payment Date: []
- Interest Accrual Dates(s): [The Interest Accrual Dates are [] in each year up to and including the Maturity Date.] [The Interest Accrual Dates shall be the Interest Payment Dates.]
- Business Day Convention: [Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [adjusted] [unadjusted]
- [Additional Business Centre(s):] [Not Applicable]
- Party responsible for calculating the Interest Amount(s) (if not the Fiscal Agent): [] [Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]

PROVISIONS RELATING TO REDEMPTION

19. **Call Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s): [] per Calculation Amount
 - (iii) If redeemable in part: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Minimum Redemption Amount [] per Calculation Amount
 - (b) Maximum Redemption Amount: [] per Calculation Amount
 - (iv) Notice period: [] (at least 5 business days prior notice)
20. **Redemption for taxation reasons** [Applicable/Not Applicable]

21. **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) [] per Calculation Amount (Put):
- (iii) Notice period: []
22. **Final Redemption Amount of each Note** [[] per Calculation Amount]
(Insert the above if the Notes are Credit Linked Notes)
(If the Notes are not Credit Linked Notes specify the applicable Final Redemption Formula)
- (i) Final Redemption Amount Formula: [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- Normal Performance: [Applicable] [Not Applicable]
(if not applicable, delete the remaining text of “Normal Performance”)
 [The Final Redemption Amount is calculated in accordance with the following:
[Insert if the Reference Item is not a Basket:
 [(i) the Calculation Amount; multiplied by
 (ii) (1 + Performance of Underlying),]
[Insert if the Reference Item is a Basket:
 [(i) the Calculation Amount; multiplied by
 (ii) [1+] the sum of each of the following values calculated with respect to each Component:
 a) [1 +] [the greater of (i) 0 and
 (ii)] Performance of

Component: multiplied by

b) Component Weight.]

- Performance Differential:

[Not Applicable] [Applicable]

(if not applicable, delete the remaining text of “Performance Differential”)

- Participation Factor:

[Not Applicable] [Applicable]

[The Final Redemption Amount is calculated in accordance with the following:

[Insert if Participation Factor is applicable:

(i) the Calculation Amount; multiplied by

(ii) 1 + (Participation Factor multiplied by (Performance of Underlying 1 – Performance of Underlying 2)),]

[Insert if Participation Factor is not applicable:

(i) the Calculation Amount; multiplied by

(ii) 1 + (Performance of Underlying 1 – Performance of Underlying 2),]

[provided that the Final Redemption Amount will not be [greater than the Maximum Redemption Amount] [and will not be] less than the Minimum Redemption Amount]. Such amount shall, if applicable, be converted into the Relevant Currency on [●] [the Maturity Date].

[Performance of Underlying is:

$$\left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} - 1 \right]$$

$$\left[\text{[Max 0;]} \frac{\text{Final Reference Level}}{\text{Initial Reference Level}} - 1 \right]$$

[Performance of Underlying 1 is:

$$\left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} - 1 \right]$$

$$\left[\begin{array}{c} \text{[Max 0;]} \\ \left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} - 1 \right] \end{array} \right]$$

[Performance of Underlying 2 is:

$$\left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} - 1 \right]$$

$$\left[\begin{array}{c} \text{[Max 0;]} \\ \left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} - 1 \right] \end{array} \right]$$

[Performance of Component is:

$$\left[\frac{\text{Final Reference Level}}{\text{Initial Reference Level}} - 1 \right]$$

[Participation Factor is []]

(Insert the above if the Notes are Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes, Debt Linked Notes or FX Linked Notes and not Physical Delivery Notes)

[Not applicable – the Notes are Physical Delivery Notes]

(ii) Redemption Barrier Event:

[Not Applicable] [Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

[The Redemption Barrier Event will occur if the Settlement Price of [the Reference Item] [Reference Item 1][Reference Item 2][the Component[s] comprised in the Basket] is [equal to] [and] [or] [greater than] [less than] the Redemption Barrier Level [on a Redemption Barrier

Observation Date] [at any time during the Redemption Barrier Observation Date]

- Barrier Redemption Date: [Upon the occurrence of a Redemption Barrier Event the Notes will be redeemed early on [].] []
- Barrier Redemption Amount: []
- Redemption Barrier Level: []
- [Redemption Barrier Observation Date[s]]: []
- [Redemption Barrier Observation Period]: []
- Maximum Redemption Amount: [] [Not Applicable]
- Minimum Redemption Amount: [] [Not Applicable]

23. **Early Redemption Amount**

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or Seller Merger Notice (if applicable) [[] per Calculation Amount]

[An amount in the Relevant Currency being the Nominal Amount of the Notes]

[An amount in the Relevant Currency being the higher of (i) the Nominal Amount of the Notes and (ii) the fair economic value of the Notes at the date of redemption, as determined and calculated by the Calculation Agent in its sole discretion in good faith and in a commercially reasonable manner as representing the fair economic value of the Note at the date of redemption].

[An amount in the Relevant Currency which the Calculation Agent will determine and calculate in its sole discretion in good faith and in a commercially reasonable manner as representing the fair economic value of the Note at the date of redemption, without making any reduction to such value by reason of the financial condition of the Issuer but taking into account (without

duplication) any costs and expenses incurred by the Issuer in connection with the termination of any agreement or instrument entered into by the Issuer for the purposes of hedging the risk arising from the entering into and performance of its obligations under the Notes.]

[The Early Redemption Amount Payable on Event of Default shall be Euro [] for each Note of Euro [] Specified Denomination.]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on [] days' notice.]

[Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].

[The Notes will be issued and held in book-entry form by [*Monte Titoli S.p.A/ include the name of any other custodian appointed by the Issuer*], as Centralised Custodian.]

25. New Global Note form: [Yes/No]

26. Additional Financial Centre(s) relating to Payment Business Dates: [Not Applicable] []

[Note that this item relates to the date and place of payment and not to interest period end dates]

27. Talons for future Coupons or Receipts to be attached to Definitive Notes [No]

- (and dates on which such Talons mature): [Yes. As the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are left. The dates on which such Talons mature are []]
28. Details relating to Instalment Notes: [Not Applicable] [Applicable]
 (amount of each instalment, date on which each payment is to be made): *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Instalment Date(s): []
- (ii) Instalment Amount(s) []
29. **Total Repurchase Option / Partial Repurchase Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Total Repurchase Option date / Partial Repurchase Option date(s): []
- (ii) Repurchase amount(s) and method(s), if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period: [] *(at least 5 business days prior notice)*
30. US Selling Restrictions: [Reg. S Compliance Category: TEFRA C/ TEFRA D/ TEFRA not applicable]

PRODUCT TERMS

(Include the relevant Product Terms for Share Linked Notes, Index Linked Notes, Fund Linked Notes, Credit Linked Notes, Inflation Linked Notes, Commodity Linked Notes, Debt Linked Notes, Interest Rate Linked Notes or FX Linked Notes and, if applicable, the Product Terms for Physical Delivery Notes)

- [31.] **Share Linked Notes Provisions** [Applicable] [Not Applicable]
[The following apply to Share Linked Notes where the Notes are linked to a single share only and, if applicable, are to be completed for each share]: (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Reference Item: []
- Share Issuer: []

- Shares: [name and short description of type of shares] issued by the Share Issuer (ISIN: [●]).
- (ii) Automatic Early Redemption: [Applicable/ Not Applicable] [If not applicable, delete the automatic early redemption provisions which follow]
- Automatic Early Redemption Amount: [] [Not Applicable]
- Automatic Early Redemption Date(s): [] [Not Applicable] [If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]
- Automatic Early Redemption Event: [greater than/greater than or equal to/less than/less than or equal to/[*]]
- Automatic Early Redemption Price: [] [Not Applicable]
- Automatic Early Redemption Rate: [] [Not Applicable]
- Automatic Early Redemption Valuation Date(s): [] [Not Applicable]
- (iii) Averaging: [Applicable] [Not Applicable]
- Averaging Dates: [] [Not Applicable]
- (iv) Business Day: [a day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) the TARGET System is open].
- (v) Constant Monitoring: [Applicable (if applicable specify "Valuation Time Only" below as not applicable)] [Not Applicable] (may be applicable if Automatic Early Redemption is applicable)
- (vi) Exchange: []

- (vii) Expiration Date: [] [Not Applicable]
- (viii) - Initial Reference Level: [(if fallback provisions in Chapter 3, Part (A), not to apply)] [Not Applicable]
- (ix) Observation Date(s): [] [Not Applicable]
- (x) Observation Period: [The period from and including the Issue Date, Strike Date or [●] to and including the Expiration Date or [●]]
[Not Applicable]
- (xi) Share Currency: [specify]
- (xii) Strike Date: [] [Not Applicable]
- (xiii) Strike Price: [] [Not Applicable]
- (xiv) Valuation Time Only: [Applicable (If applicable specify “Constant Monitoring” above as not applicable)]
[Not Applicable]

[31.] [The following apply to Share Linked Notes where the Notes are linked to a Basket of Shares only:

- (i) Reference Item: []
- Share Issuer: []
- Shares: “Basket” means a basket composed of Shares in the relative [proportions/numbers of Shares] specified below:
[Insert details of:
- Share Issuer
 - name and short description of type of shares
 - [Component Weights]
 - ISIN number
 - Exchange]

- (ii) Automatic Early Redemption: [Applicable][Not Applicable] [*If not applicable, delete the automatic early redemption provisions which follow*]
- Automatic Early Redemption Amount: [] [Not Applicable]
- Automatic Early Redemption Date(s): [] [Not Applicable] [*If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event*]
- Automatic Early Redemption Event: [*specify whether the Automatic Early Redemption Event is triggered by the Price of one or more Shares in the Basket; specify the applicable Share(s)*]
- [greater than/ greater than or equal to/ less than/ less than or equal to] [*complete as appropriate*]
- Automatic Early Redemption Price(s): [] [Not Applicable]
- Automatic Early Redemption Rate: [] [Not Applicable]
- Automatic Early Redemption Valuation Date(s): [] [Not Applicable]
- (iii) Averaging: [Applicable] [Not Applicable]
- Averaging Dates: [] [Not Applicable]
- (iv) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) the TARGET system is open].
- (v) Constant Monitoring: [Applicable] [Not Applicable] [*If applicable specify as applicable and specify "Valuation Time Only" below as not applicable*] (*may be applicable if Automatic Early Redemption is*

- applicable)*
- (vi) Exchange: [specify]
- (vii) Expiration Date: [] [Not Applicable]
- (viii) Initial Reference Level:
- (ix) Observation Date(s): [] [Not Applicable]
- (x) Observation Period: [The period from and including the Issue Date, Strike Date or [●] to and including the Expiration Date or [●]]
- [Not Applicable]
- (xi) Share Currency: [] [Not Applicable]
- (xii) Strike Date: [] [Not Applicable]
- (xiii) Strike Price: [] [Not Applicable]
- (xiv) Valuation Time Only: [Applicable.] *[If applicable, specify “Constant Monitoring” above as not applicable]* [Not Applicable]

[31.] **Index Linked Provisions**

[Applicable] [Not Applicable]

[The following apply to Index Linked Notes where the Notes are linked to a single index only and, if applicable, are to be completed for each index: (If not applicable, delete the remaining sub-paragraphs of this paragraph)]

- (i) Reference Item: []
- Index: []
- Index Sponsor: []
- (ii) Automatic Early Redemption: [Applicable] [Not Applicable]
- [If not applicable, delete the automatic early redemption provisions which follow]*
- Automatic Early Redemption Amount: [] [Not Applicable]
- Automatic Early Redemption Date(s): [] [Not Applicable]

[If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period,

then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]

- Automatic Early Redemption Event: [greater than/ greater than or equal to/less than/ less than or equal to] [complete as appropriate]
- Automatic Early Redemption Level: [] [Not Applicable]
- Automatic Early Redemption Rate: [] [Not Applicable]
- Automatic Early Redemption Valuation Date(s): [] [Not Applicable]
- (iii) Averaging: [Applicable] [Not Applicable]
 - Averaging Dates: [[]] [Not Applicable]
- (iv) Business Day: [*specify as* [a day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [•] [and (ii) the TARGET System is open]]
- (v) Constant Monitoring: [*If applicable specify as applicable and specify "Official Closing Level Only" below as not applicable*] (*may be applicable if Automatic Early Redemption is applicable*)
- (vi) Exchange(s): [*specify if Non-Multi Exchange Index, otherwise no need to complete*]
- (vii) Expiration Date: [] [Not Applicable]
- (viii) Initial Reference Level: [] [Not Applicable]
- (ix) Multi-Exchange Index: [Yes][No]
- (x) Non Multi-Exchange Index: [Yes][No]
- (xi) Observation Date(s): [] [Not Applicable]
- (xii) Observation Period: [*specify as* [the period from and including the Issue Date, Strike Date

or [●] to and including the Expiration Date or [●]]]

[Not Applicable]

(xiii) Official Closing Level Only: *[If applicable, specify as applicable and specify “Constant Monitoring” above as not applicable]*

(xiv) Strike Date: [] [Not Applicable]

(xv) Strike Price: [] [Not Applicable]]

[31.] *[The following apply to Index Linked Notes where the Notes are linked to a Basket of Indices only:*

(i) Reference Item: []

- Indices: “**Basket**” means a basket composed of Indices in the relative proportions specified below:

[Insert details for each Index of:

- *Index Sponsor*
- *[Component Weights]]*

(ii) Automatic Early Redemption: [Applicable] [Not Applicable]

[If not applicable, delete the automatic early redemption provisions which follow]

- Automatic Early Redemption Amount: [] [Not Applicable]

- Automatic Early Redemption Date(s): [] [Not Applicable]

[If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]

- Automatic Early Redemption Event: [greater than/ greater than or equal to/less than/ less than or equal to] *[complete as appropriate]*

- Automatic Early Redemption Level: [] [Not Applicable]

- Automatic Early Redemption Rate: [] [Not Applicable]
- Automatic Early Redemption Valuation Date(s): [] [Not Applicable]
- (iii) Averaging: [Applicable] [Not Applicable]
- Averaging Dates: [[]] [Not Applicable]
- (iv) Business Day: [*specify as* [a day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) the TARGET System is open]]]
- (v) Constant Monitoring: [*If applicable specify as applicable and specify “Official Closing Level Only” below as not applicable*] (*may be applicable if Automatic Early Redemption is applicable*)
- (vi) Exchange(s): [*specify if Non-Multi Exchange Index, otherwise no need to complete*]
- (vii) Expiration Date: [] [Not Applicable]
- (viii) Initial Reference Level: [] [Not Applicable]
- (ix) Multi-Exchange Index: [Yes][No]
- (x) Non Multi-Exchange Index: [Yes][No]
- (xi) Observation Date(s): [] [Not Applicable]
- (xii) Observation Period: [*specify as* [the period from and including the Issue Date, Strike Date or [●] to and including the Expiration Date or [●]]]
- [Not Applicable]
- (xiii) Official Closing Level Only: [*If applicable, specify as applicable and specify “Constant Monitoring” above as not applicable*]
- (xiv) Strike Date: [] [Not Applicable]

- (xv) Strike Price: [] [Not Applicable]
- [31.] **Fund Linked Notes Provisions** [Applicable] [Not Applicable]
- [The following apply to Fund Linked Notes only: (If not applicable, delete the [specify the following items for each Reference Item] remaining sub-paragraphs of this paragraph)*
- (i) Reference Item:
- Fund: [Specify]
 - Fund Interest: [Specify]
 - Fund Manager: [Specify]
- (ii) Applicable Fund Centre(s): *(for the purpose of Fund Business Days)*
[●]
- (iii) Fund Business Day Convention: [Following] / [Modified Following] / [Preceding] Market Disruption
- (iv) Disrupted Period: [●] *[Specify number of Fund Business Days before Issuer may estimate values owing to Market Disruption]* Fund Business Days
- (v) Basket Portfolio Disruption: [Applicable][Not Applicable] [Affected Fund Disruption/Basket Disruption/Affected Fund Estimate]
- (vi) Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]
- (vii) Basket Averaging Date Disruption: [Affected Fund] [Basket] [Omission]
[Affected Fund] [Basket] [Postponement]
[Affected Fund] [Basket] [Modified Postponement]
- (viii) Cut-off Period: [Not Applicable] [●]
- (If Averaging Date Disruption is determined by Modified Postponement and the period is different to the Disrupted Period)*
- (ix) Initial Reference Level: [] [Not Applicable]
- (x) Final Reference Level:

- Final Price [Single Price is applicable] [Average Price is applicable]

- (xi) Substitution Event (select all that apply):
- [Audit Event;] [Charging Change;] [Corporate Event;] [Cross-contamination;] [Currency Change;] [Fund Accounting Event;] [Fund Constitution Breach;] [Fund Constitution Change;] [Fund Regulatory Event;] [Fund Rules Breach;] [Fund Strategy Breach;] [Fund Strategy Change;] [Fund Tax Event;] [Hedging Event;] [Investor Tax Event;] [Litigation Event;] [Management Change;] [Mandatory Disposal;] [Market Event;] [NAV Suspension;] [Performance Failure;] [Potential Regulatory Event;] [Redemption Failure;] [Regulatory Event;] [Subscription/Redemption Alteration;] [Subscription/Redemption Restriction;] [Transfer Restriction]
- [Not Applicable]

[The following apply to Fund Linked Notes only where Basket Portfolio Provisions shall apply:

[31.] Basket Portfolio: [Applicable][Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Initial Funds and Initial Weights:

| Fund | Class | Bloomberg Ticker | ISIN | [Initial] [Component] Weight (per cent.) |
|------|-------|------------------|------|--|
| | | | | |

(ii) Basket Business Day: [●]

(iii) Initial Basket Value: [●][Not Applicable]

(iv) Notional Fund Price: [Applicable] [Not Applicable]

(v) Initial Reference Level: [] [Not Applicable]

- (vi) Final Reference Level:
- Final Basket Price: [Not Applicable] [Single Price is applicable] [Average Price is applicable]
 - Final Basket Portfolio Interest Price: [Not Applicable] [Single Price is applicable] [Average Price is applicable]
- (vii) No Weight Rebalancing: [Not Applicable][Applicable]
- (viii) Standard Weight Rebalancing: [Not Applicable][Applicable]
- (If not applicable, delete the rest of this paragraph)*
- (a) Weight Rebalancing Date: [●]
- (ix) Active Weight Rebalancing: [Not Applicable][Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Active Weight Rebalancing Entity: [●]
 - (b) Weight Rebalancing Date: [●]
 - (c) Active Weight Rebalancing Written Notice: [●]
- (unless specified is 100 calendar days)
- (d) Investment Restrictions: [●]
 - (e) Fallback Active Weight Rebalancing: [●]
- (x) Standard Weight Rebalancing subject to Thresholds: [Not Applicable][Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Weight Rebalancing Date: [●]
 - (b) Threshold: [●]
- (xi) Other Weight Rebalancing: [Not Applicable][Applicable]
- (If not applicable, delete rest of this*

paragraph)

Weight Rebalancing Date: [•]

[insert provisions in relation to Other Weight Rebalancing]

(xii) Replacement Funds:

| Replacement Fund | Class | Bloomberg Ticker | ISIN |
|------------------|-------|------------------|------|
| | | | |
| | | | |

[31.] **Credit Linked Notes Provisions:** [Applicable] [Not Applicable]

[The following apply to Credit Linked Notes only (If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Type of Notes: [Single Name Credit Linked Notes/First-to-Default Credit Linked Notes/Nth-to-Default Credit Linked Notes*/Linear Basket Credit-Linked Notes]

[Where the Notes are Nth-to-Default Credit Linked Notes, specify the value of N, e.g. "Second-to-Default Credit Linked Notes"]

(ii) Settlement Basis: [Cash Settlement/Physical Settlement/Auction Settlement or Physical Settlement/Cash Settlement or Physical Settlement or Auction Settlement] [As per Physical Settlement Matrix]

[Cash Settlement/Physical Settlement//Not Applicable] [As per Physical Settlement Matrix]

(iii) Reference Entity/ies: [Specify]

[Where the Notes are Linear Basket Credit Linked Notes, specify the value of the Related Nominal Amount for

- each Reference Entity]*
- (iv) Reference Obligation(s): [Specify]
- (v) All Guarantees: [Applicable][Not applicable] [As per Physical Settlement Matrix]
- (vi) Credit Events: [Bankruptcy]
- [Failure to Pay]
- [Payment Requirement:
[U.S.\$1,000,000] [] or its equivalent
in the relevant Obligation Currency as
of the occurrence of the relevant
Failure to Pay]
- [Obligation Acceleration]
- [Obligation Default]
- [Repudiation/Moratorium
Restructuring]
- [Restructuring Maturity Limitation
and Fully Transferable Obligation:
[Applicable] [Not Applicable]]
- [Modified Restructuring Maturity
Limitation and Conditionally
Transferable Obligation: [Applicable]
[Not Applicable]]
- [Default Requirement:
[U.S.\$10,000,000] [] or its equivalent
in the relevant Obligation Currency as
of the occurrence of the relevant
Credit Event]]
- [Multiple Holder
Obligation:[Applicable] [Not
Applicable]]]
- (vii) Conditions to Settlement: [Credit Event Notice] [Notice of Publicly Available Information] [Notice of Physical Settlement] [*Select all that apply*] [As per Physical

Settlement Matrix]

[Credit Event Determination Date
Version A: [Applicable] [Not
Applicable]]

[Credit Event Determination Date
Version B: [Applicable] [Not
Applicable]]

Notifying Party for Credit Event
Notice: []

[Specify (i) Issuer (ii) Calculation
Agent or (iii) Issuer or Calculation
Agent]

(viii) Notice of Publicly Available
Information applicable to:

(a) Repudiation/ Moratorium [Yes] [No]
Extension Condition:

(b) Grace Period Extension [Yes] [No]
Condition:

(ix) Grace Period Extension: [Applicable][Not Applicable]

(x) Grace Period: [] days

[Not Applicable]

[If Grace Period Extension is applicable, consider whether or not to specify the number of days in the Grace Period. If a number of days is not so specified (in which case the paragraph may be deleted), the Grace Period will be the lesser of the applicable grace period with respect to the relevant Obligation and 30 calendar days.]

[As per Physical Settlement Matrix]

(xi) Credit Observation Start Date: [] [Not Applicable]

[If Credit Observation Start Date precedes Issue Date, then additional disclosure required notifying

prospective investors of the same and highlighting that Noteholders have exposure to Credit Events occurring prior to the Issue Date notwithstanding that Noteholders will not receive interest for any period prior to the Issue Date]

- (xii) Scheduled Observation End Date: [Not Applicable] [] [] (*Specify if subject to adjustment in accordance with a Business Day Convention*)
- (xiii) Interest Payment Date Postponement: [Applicable (*if Interest Payment Dates are to be delayed pending resolution of Potential Failure to Pay*)]
[Not Applicable]
- (xiv) Repudiation/Moratorium Scheduled Maturity Date Postponement: [Applicable (*if Interest Payment Dates are to be delayed pending resolution of Potential Repudiation/Moratorium*)]
[Not Applicable]
- (xv) Obligation Category: [Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan] [*Select only one*]
[As per Physical Settlement Matrix]
- (xvi) Obligation Characteristics: [Not Subordinated Specified Currency] [Not Sovereign Lender] [Not Domestic Currency] [Not Domestic Law] [Listed] [Not Domestic Issuance] [None] [Specified Currency]
[*Select all that apply*]
[As per Physical Settlement Matrix]
- (xvii) Excluded Obligation(s): [] [Not Applicable]
- (xviii) Terms relating to Cash Settlement: [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this

paragraph)

- Cash Settlement Date: [] Business Days] [Not Applicable]
- Cash Settlement Amount: [] [Not Applicable]
- Valuation Method: [Highest] [Market Value] [Average Highest] [Average Market] [Blended Highest] [Blended Market] [Average Blended Market] [Average Blended Highest] [Not Applicable]

(Only required if no Cash Settlement Amount is specified)

- Single Valuation Date: [*Specify*] [Not Applicable]
- Multiple Valuation Date: [*Specify*] [Not Applicable]
- Valuation Dates: [*Specify number of Valuation Dates*]
- Final Price: [] [Not Applicable]
- Quotation Amount: [[€][\$] []]

[Delete paragraph if Quotation Amount is the outstanding principal balance of the Reference Obligation.]

- Valuation Time: [*Specify*]

(xix) Terms relating to Auction Cash Settlement: [Applicable] [Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Auction Cash Settlement Amount: [] [Not Applicable]
- Auction Cash Settlement Date: [] [Not Applicable]

(xx) [Applicable][Not Applicable]

Terms relating to Physical Settlement:

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Physical Settlement Date: [] Business Days] [As per Physical Settlement Matrix]

- Partial Cash Settlement [] [Not Applicable]
Date:
- Partial Cash Settlement [] [Not Applicable]
Amount:
- Deliverable Obligation [Payment] [Borrowed Money]
Category: [Reference Obligations Only] [Bond]
[Loan] [Bond or Loan] [*Select only one*]

[As per Physical Settlement Matrix]
- Deliverable Obligation [Not Subordinated] [Specified
Characteristics: 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] [Not Bearer]

[*Select all that apply*]

[As per Physical Settlement Matrix]
- Excluded Deliverable [] [Not Applicable]
Obligation(s):
- Entity Type: [*Specify*] [Not Applicable]
- Physical Settlement
Matrix: [*Specify*] [Not Applicable]
- Transaction Type: [*Specify*] [Not Applicable]
- Transaction Type Standard [*Specify*] [Not Applicable]
Terms:
- (xxi) Specified Currencies: [*Specify*]
- (xxii) Quotations: [Include Accrued Interest] [Exclude
Accrued Interest]
- (xxiii) Hedge Unwind Adjustment: [Applicable] [Not Applicable]
- (xxiv) Business Day(s): [*Specify*] [Not Applicable] [As per
Physical Settlement Matrix]

- (xxv) Succession Event Backstop Date: [*(Specify if subject to adjustment in accordance with a Business Day Convention)*] [Not Applicable]
- (xxvi) minimum Exercise Amount: [] [Not Applicable]
- (xxvii) Domestic Currency: [] [Not Applicable]
- (xxviii) Qualifying Participation Seller [] [Not Applicable]
- [31.] **Inflation Linked Provisions** [Applicable] [Not Applicable]
- [The following apply to Inflation Linked Notes only: (If not applicable, delete the remaining sub-paragraphs of this paragraph)]*
- (i) Reference Item:
- Index: *[Specify]*
- Index Sponsor: [] [The definition in Condition 2 of the Inflation Linked Conditions shall apply]
- (ii) Related Bond: [Applicable] [Not Applicable] *(if applicable and if nothing further is specified then it will be the Fallback Bond)*
- Issuer of Related Bond: [] [Not Applicable]
- Related Bond Redemption Event: [] [Not Applicable]
- (iii) Averaging: [] [Not Applicable]
- Averaging Dates: [] [Not Applicable]
- (iv) Observation Date: [] [Not Applicable]
- (v) Expiration Date: [] [Not Applicable]
- (vi) Strike Date: [] [Not Applicable]
- (vii) Strike Price: [] [Not Applicable]
- (viii) Initial Reference Level []
- (viii) Observation Period: [] [Not Applicable]
- (ix) Cut-Off Date: In respect of a Determination Date, the day that is [●] Business Days prior to such Determination Date.

(x) Initial Index Level Month: [The month falling [●] months prior to the month in which the relevant Interest Period ends] *[Insert other time period for Index reporting]* [Not Applicable]

(xi) Final Index Level Month: [The month falling [●] months prior to the month in which the relevant Interest Period ends] *[Insert other time period for Index reporting]* [Not Applicable]

[31.] **Commodity Linked Provisions** [Applicable] [Not Applicable]

[The following apply to Commodity Linked Notes where the Notes are linked to a single commodity or commodity future only and, if applicable, are to be completed for each commodity or commodity future: (If not applicable, delete the remaining sub-paragraphs of this paragraph)]

(i) Reference Item:

- Specified Commodity: [●]
- Commodity Reference Price: [●] *[specify successor and fallback provisions]*
- Price Source/Reference Dealers: [●]
- Currency: [●]
- Specified Price: [●]
- Delivery Dates: [●]

(ii) Automatic Early Redemption: [Applicable] [Not Applicable]

[If not applicable, delete the automatic early redemption provisions which follow]

- - Automatic Early Redemption Amount: [] [Not Applicable]

- - Automatic Early Redemption Date(s): [] [Not Applicable] *[If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early*

| | | |
|--------|---|--|
| | | <i>Redemption Event</i> |
| | - - Automatic Early Redemption Event: | [] [specify] |
| | - - Automatic Early Redemption Price: | [] [Not Applicable] |
| | - - Automatic Early Redemption Rate: | [] [Not Applicable] |
| | - - Automatic Early Redemption Valuation Date(s): | [] [Not Applicable] |
| (iii) | Averaging Dates: | [] [Not Applicable] |
| (iv) | Pricing Date(s): | [●] |
| (v) | Strike Date: | [●][Not Applicable] |
| (vi) | Initial Reference Level: | [●][Not Applicable] |
| (vii) | Price Materiality Percentage: | [●][Not Applicable] |
| (viii) | Exchange: | [] |
| (ix) | Market Disruption Events: | [Price Source Disruption] [Trading Disruption] [Disappearance of Commodity Reference Price] [[<i>(except in relation to Bullion)</i>] Material Change in Formula] [[<i>(except in relation to Bullion)</i>] Material Change in Content] [Tax Disruption] [Not Applicable] <i>(delete as applicable)</i> |
| (x) | Disruption Fallback: | [[Fallback Reference Dealers] [Fallback Reference Price] [Postponement] [Calculation Agent Determination] [Delayed Publication or Announcement] <i>(delete as applicable and place in</i> |

preferred order)]

[In the following order:

(a) Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of two consecutive Commodity Business Days or, in the case of Bullion, two consecutive Bullion Business Days (measured from and including the original day that would otherwise have been the Pricing Date); provided, however, that the price determined by Postponement shall be the Relevant Commodity Price only if Delayed Publication or Announcement does not yield a Relevant Commodity Price within those two consecutive Commodity Business Days or Bullion Business Days (as applicable)); and

(b) Calculation Agent Determination.]

(xi) Observation Date(s):

[] [Not Applicable]

(xii) Observation Period:

[The period from and including the Issue Date, Strike Date or [●] to and including [●]]

[Not Applicable]

[31.] *[The following apply to Commodity Linked Notes where the Notes are linked to a Basket of commodities and/or commodity futures only:*

(i) Reference Item:

“Basket” means a basket composed of commodities and/or commodity futures in the relative proportions specified below:

[Insert the following details in respect of each Component:

- Component []
 - Component Weight(s) []
 - Commodity Reference Price: [●] [specify successor and fallback provisions]
 - Price Source/Reference Dealers: []
 - Currency: []
 - Specified Price: []
 - Delivery Dates: []
 - Exchange []
 - Price Materiality Percentage: [] [Not Applicable]
- (ii) Automatic Early Redemption: [Applicable] [Not Applicable]
- [If not applicable, delete the automatic early redemption provisions which follow]*
- Automatic Early Redemption Amount: [] [Not Applicable]
 - Automatic Early Redemption Date(s): [] [Not Applicable] *[If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]*
 - Automatic Early Redemption Event: *[specify whether the Automatic Early Redemption Event is triggered by the Price of one or more Shares in the Basket; specify the applicable Share(s)]*

- [greater than/ greater than or equal to/
less than/ less than or equal to]
[complete as appropriate]
- Automatic Early Redemption Price(s): [] [Not Applicable]
 - Automatic Early Redemption Rate: [] [Not Applicable]
 - Automatic Early Redemption Valuation Date(s): [] [Not Applicable]
- (iii) Averaging Dates: [] [Not Applicable]
- (iv) Pricing Date(s): [●]
- (v) Strike Date: [●][Not Applicable]
- (vi) Initial Reference Level: [●][Not Applicable]
- (vii) Market Disruption Events: [Price Source Disruption]
[Trading Disruption]
[Disappearance of Commodity Reference Price]
[[*(except in relation to Bullion)*]
Material Change in
Formula]
[[*(except in relation to Bullion)*]
Material Change in Content]
[Tax Disruption]
[Not Applicable]
(delete as applicable)
- (viii) Disruption Fallback: [[Fallback Reference Dealers]
[Fallback Reference Price]
[Postponement]
[Calculation Agent Determination]
[Delayed Publication or Announcement]
(delete as applicable and place in preferred order)]

[In the following order:

(a) Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of two consecutive Commodity Business Days or, in the case of Bullion, [two][eight] consecutive Bullion Business Days (measured from and including the original day that would otherwise have been the Pricing Date); provided, however, that the price determined by Postponement shall be the Relevant Commodity Price only if Delayed Publication or Announcement does not yield a Relevant Commodity Price within those two consecutive Commodity Business Days or Bullion Business Days (as applicable)); and

(b) Calculation Agent Determination.]

- (ix) Observation Date(s): [] [Not Applicable]
- (x) Observation Period: [The period from and including the Issue Date, Strike Date or [●] to and including [●]]
- [Not Applicable]

[31.] **Debt Linked Notes Provisions** [Applicable] [Not Applicable]

[The following apply to Debt Linked Notes where the Notes are linked to a single debt instrument only and, if applicable, are to be completed for each single debt instrument: (If not applicable, delete the remaining sub-paragraphs of this paragraph)]

- (i) Reference Item: []
- Debt Issuer: []
- Debt Instruments: [name and short description of type of Debt Instruments] issued by the Debt Issuer (ISIN: [●]).
- (ii) [Automatic Early Redemption: [Applicable/ Not Applicable] *[If not applicable, delete the automatic early*

- redemption provisions which follow]*
- Automatic Early Redemption Amount: [] [Not Applicable]
 - Automatic Early Redemption Date(s): [] [Not Applicable] [*If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event*]
 - Automatic Early Redemption Event: [greater than/greater than or equal to/less than/less than or equal to/*]
 - Automatic Early Redemption Price: [] [Not Applicable]
 - Automatic Early Redemption Rate: [] [Not Applicable]
 - Automatic Early Redemption Valuation Date(s): [] [Not Applicable]
- (iii) Averaging: [Applicable] [Not Applicable]
- Averaging Dates: [] [Not Applicable]
- (iv) Business Day: [a day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) the TARGET System is open].
- (v) Price Source: [*specify*]
- Exchange [] [Not Applicable]
- (vi) Valuation Date: [] [Not Applicable]
- (vii) Initial Reference Level: [] [*if level not determined by reference to Final Bid Price on the Strike Date*] [Not Applicable]
- (viii) Strike Date: [] [Not Applicable]

- (ix) Valuation Time: []
- [31.] *[The following apply to Debt Linked Notes where the Notes are linked to a Basket of Debt Instruments only:*
- (i) Reference Item: []
- Debt Issuer: []
- Shares: “**Basket**” means a basket composed of Debt Instruments in the relative proportions specified below:
- [Insert details of:*
- *Debt Issuer*
 - *name and short description of type of shares*
 - *Component Weights*
 - *ISIN number*
- (ii) Automatic Early Redemption: [Applicable][Not Applicable] *[If not applicable, delete the automatic early redemption provisions which follow]*
- Automatic Early Redemption Amount: [] [Not Applicable]
- Automatic Early Redemption Date(s): [] [Not Applicable] *[If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]*
- Automatic Early Redemption Event: *[specify whether the Automatic Early Redemption Event is triggered by the Price of one or more Shares in the Basket; specify the applicable Share(s)]*
- [greater than/ greater than or equal to/ less than/ less than or equal to]*

[complete as appropriate]

- Automatic Early Redemption [] [Not Applicable]

Price(s):

- Automatic Early Redemption [] [Not Applicable]

Rate:

- Automatic Early Redemption [] [Not Applicable]

Valuation Date(s):]

(iii) Averaging: [Applicable] [Not Applicable]

- Averaging Dates: [] [Not Applicable]

(iv) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) the TARGET system is open].

(v) Price Source: [specify]

- Exchange [] [Not Applicable]

(vi) Valuation Date: [] [Not Applicable]

(vii) Initial Reference Level: [] [(if level not determined by reference to Final Bid Price on the Strike Date)] [Not Applicable]

(viii) Strike Date: [] [Not Applicable]

(ix) Valuation Time: []

[31.] **Interest Rate Linked Notes Provisions:** [Applicable] [Not Applicable]

[The following apply to Interest Rate Linked Notes only and, if applicable, are to be completed for each interest rate: (If not applicable, delete the remaining sub-paragraphs of this paragraph)]

(i) Reference Item:

- Underlying Reference Rate: [specify]

(Either LIBOR, EURIBOR or other)[specify]

- Underlying Margin: [Plus] [Minus] [*specify*]
- (ii) Underlying Interest Determination Date(s): [] [The Valuation Date] [Each Averaging Date]
- (iii) Manner in which the Underlying Reference Rate is to be determined [Screen Rate Determination] [ISDA Determination]
- (iv) Screen Rate Determination: [Applicable] [Not Applicable] [*If not applicable, delete the provisions which follow*]
- - Relevant Time: [*specify*]
(which will be 11:00 am, London time, in the case of LIBOR, or 11:00 am, Brussels time, in the case of EURIBOR)
 - Relevant Screen Page: [*specify*]
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
 - Relevant Financial Centre: [*specify*]
- (v) • ISDA Determination: [Applicable] [Not Applicable] [*If not applicable, delete the provisions which follow*]
- Floating Rate Option: [*specify*]
 - Designed Maturity: [*specify*]
 - Reset Date: [*specify*]
- (vi) [Automatic Early Redemption: [Applicable] [Not Applicable] [*If not applicable, delete the automatic early redemption provisions which follow*]
- Automatic Early Redemption Amount: [] [Not Applicable]
- Automatic Early Redemption Date(s): [] [Not Applicable] [*If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then*

specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]

- Automatic Early Redemption Event: [greater than/greater than or equal to/less than/less than or equal to/*]]
 - Automatic Early Redemption Price: [] [Not Applicable]
 - Automatic Early Redemption Rate: [] [Not Applicable]
 - Automatic Early Redemption Valuation Date(s): [] [Not Applicable]
- (vii) Averaging: [Applicable] [Not Applicable]
- Averaging Dates: [] [Not Applicable]
- (viii) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) the TARGET System is open].
- (x) Valuation Date: [] [Not Applicable]
- (xi) Initial Reference Level: [(if level not determined by reference to Strike Date)] [Not Applicable]
- (xii) Strike Date: [] [Not Applicable]
- (xiii) Valuation Time: []
- [31.] **FX Linked Notes Provisions** [Applicable] [Not Applicable]

[The following apply to FX Linked Notes only and, if applicable, are to be completed for each reference item: (If not applicable, delete the remaining sub-paragraphs of this paragraph)]

- (i) Reference Item:
- Base Currency/Subject Currency: [●]
 - Currency Price: [●] [As specified in the FX Linked Conditions]

- (ii) Initial Reference Price: []
- (iii) FX Market Disruption Event(s):
- Inconvertibility Event: [Applicable] [Not Applicable]
 - Price Materiality Event: [Applicable. Price Materiality Percentage: [●]] [Not Applicable]
 - Non-Transferability Event: [Applicable] [Not Applicable]
- (iv) Disruption Fallbacks: *(Specify the applicable Disruption Fallbacks in the order that they will apply)*
- [Calculation Agent Determination]
- [Currency-Reference Dealers Reference Dealers: [four] ([*)]]
- [EM Fallback Valuation Postponement]
- [EM Valuation Postponement]
- [Fallback Reference Price]
- Fallback Reference Price: [●]]
- [Other Published Sources]
- [Postponement]
- Maximum Days of Postponement: [5]
- (v) FX Price Source(s): [●]
- (vi) Specified Financial Centre(s): [●]
- (vii) Averaging: [Applicable. The Averaging Dates are [●]] [Not Applicable]
- (viii) Valuation Date(s): [●]
- (ix) Valuation Time: [●]
- (x) Weighting: [Not Applicable] [The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [●]] *(N.B. Only applicable in relation to FX Linked Notes)*

| | | |
|--------|--|--|
| | | <i>relating to a Basket</i>) |
| (xi) | EM Currency Provisions: | [Applicable] [Not Applicable] |
| | - Unscheduled Holiday: | [Applicable. Maximum Days of Deferral: [●]] [Not Applicable] |
| | - EM Valuation Postponement: | [Applicable. Maximum Days of EM Valuation Postponement: [●]] [Not Applicable] |
| | - EM Fallback Valuation Postponement: | [Applicable. Fallback Maximum Period of Postponement: [As specified in the FX Linked Conditions] [Not Applicable]] |
| | - Cumulative Events: | [Applicable. Maximum Days of Cumulative Postponement: [●]] [Not Applicable] |
| (xii) | Successor Currency: | [Applicable] [Not Applicable] [Issue Date] |
| (xiii) | Rebasing: | [Applicable] [Not Applicable] |
| (xiv) | Additional Disruption Events: | [Not Applicable] [The following Additional Disruption Events apply to the Notes: |
| | | [Change in Law] |
| | | [Hedging Disruption] |
| | | [Increased Cost of Hedging]] |
| [31.] | Physical Delivery Notes Provisions | [Applicable] [Not Applicable] |
| | <i>[The following apply to Physical Delivery Notes only:</i> | <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| | | [The Physical Delivery Note Conditions for Physical Delivery Notes shall apply.] |
| (i) | Relevant Asset(s): | [] |
| (ii) | Entitlement: | [] |
| (iii) | Cut-Off Date: | [] |
| | | <i>[Insert such date prior to the</i> |

Maturity Date to allow for the delivery of the type of assets which comprises the Entitlement]

- (iv) Guaranteed Cash Settlement [As specified in Base Condition 2][
Amount:]
- (v) Failure to Deliver due to [Applicable/Not Applicable]
Illiquidity:
- (vi) Delivery provisions for [] [Not Applicable]
Entitlement *(if different from
Physical Delivery Note
Conditions):*
- (vii) Settlement Business Day: []
- (viii) Issuer's option to vary [Applicable/Not Applicable]
Settlement:

RESPONSIBILITY [AND THIRD PARTY INFORMATION]

[The Issuer [and the Guarantor] accept(s) responsibility for the information contained in these Final Terms.] [The information contained in these Final Terms [[] has been extracted from []. [Each of the] [The] Issuer [and the Guarantor] 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 [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:.....

Duly authorised

By:

Duly authorised

[Signed on behalf of the Guarantor:

By:.....

Duly authorised

By:

Duly authorised]

PART B – OTHER INFORMATION1. **APPLICATION AND ADMISSION TO TRADING¹:** [Not Applicable]

(i) Listing: [Official List of Irish Stock Exchange/other (specify)/None]

(ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market] with effect from [] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market] with effect from [].] [Not applicable]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

[(iii) [Estimate of total expenses related to admission to trading: [] [Not Applicable]

2. **RATINGS** [Not Applicable]

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)].

[Depending on the status of the credit rating agency with respect to the CRA Regulation, the wording below should be considered.]

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended). As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation – see www.esma.europa.eu/page/List-registered-and-certified-CRAs .]

¹ Include only where listing of Notes is anticipated.

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and it is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [*Insert the legal name of the relevant non-EU credit rating agency entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). The ratings [[have been]/[are expected to be]] endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation – see www.esma.europa.eu/page/List-registered-and-certified-CRAs.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”), but it [is]/[has applied to be] certified in accordance with such Regulation [and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation – see www.esma.europa.eu/page/List-registered-and-certified-CRAs]/[although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU*

credit rating agency entity] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*][, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

3. NOTIFICATION

[Not applicable.] / [The CBI [has been requested to provide/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 [*names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus [and the supplement thereto dated []] has been drawn up in accordance with the Prospectus Directive.]

4. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Not applicable] [[Save for the fees payable to the managers], so far as the Issuer is aware, no person involved in the [issue/offer] of the Notes has an interest material to the issue/offer.] [*Amend as appropriate if there are other interests*].

5. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer [Not Applicable] [] (*See [“Use of Proceeds”] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.*)

(ii) Estimated net proceeds: [Not applicable] []
(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: [Not applicable] []
[Include breakdown of expenses.]

6. **YIELD** [Applicable/Not applicable]

(If not applicable, delete the remaining subparagraph of this paragraph)

Indication of yield: []

7. **HISTORIC INTEREST RATES**[*Floating Rate only*] [Applicable/Not applicable]

(If not applicable, delete the remaining subparagraph of this paragraph)

Details of historic [EURIBOR/LIBOR/LIBID/LIMEAN/*relevant yield of Government securities/relevant swap rate*] rates can be obtained from [Reuters][].] (*specify for each Floating Rate Period*)

[8.] **INFORMATION RELATING TO THE UNDERLYING** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(specify the following information for each Reference Item)

[Information on the past and future performance of [the Reference Item] [Reference Item 1] [Reference Item 2] [the Components comprising the Basket] and [its] [their] volatility

can be obtained [on the public website on www. [] [] [and on the [Bloomberg] or [Reuters] page. [NB ensure such page is given there] *[If no public information exists, insert: at the offices of [insert address/telephone number]]*

[If the underlying is an index or basket of indices, insert:

The sponsor of the, or each, index composing the Reference Item also maintains an Internet Site at the following address where further information may be available in respect of the Reference Item.

Name of Index Sponsor Website

[Insert relevant disclaimer for each index:]

[9.] **OPERATIONAL INFORMATION**

ISIN: []

Common Code: []

New Global Note intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper.)][*include this text for registered notes*] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem, either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper.)][*include this text for registered notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that

Eurosystem eligibility criteria have been met.]]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [] [Not Applicable]

10. **DISTRIBUTION** * [Not Applicable]

(i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names and 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.)

[(ii) [Date of [Subscription] Agreement: [Not Applicable / []]]

(ii[i] Stabilising Manager(s) (if any): [Not Applicable/give name])

If non-syndicated, name of Dealer: [Not Applicable/give name]

US Selling Restrictions: [Reg. S Compliance Category; TEFRA C/ TEFRA D/ TEFRA not applicable]

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]*

* Delete if the Notes are issued in denominations of Euro 100,000 or more.

(“**Public Offer Jurisdictions**”) during the period from [specify date] until [specify date] (“**Offer Period**”). See further Paragraph 11 (*Terms and Conditions of the Offer*) of Part B below.

11. **TERMS AND CONDITIONS OF THE OFFER*** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- Offer Period: [] to []
- Offer Amount: [] [provided that, during the Offer Period, the Issuer will be entitled [(following consultation with the relevant Dealer(s))] to increase such Offer amount up to []] [provided [further] that, during the Offer Period the Issuer will be entitled [(following consultation with the relevant Dealer(s))] to extend the length of the Offer Period]. The Issuer [and the relevant Dealer(s)] shall forthwith give notice of any such [increase] [and/or] [extension] pursuant to Base Condition 12 (*Notices*) of the Base Terms and Conditions of the Notes and comply with any applicable laws and regulations.]
- Offer Price: [Issue Price][specify]
- Conditions to which the offer is subject: [Not Applicable/give details]
- Description of the application process: [Not Applicable/give details]
- Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/give details]
- Details of the minimum and/or maximum amount of application: [Not Applicable/give details]
- Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/give details]

* Delete if the Notes are issued in denominations of Euro 100,000 or more.

Manner in and date on which results of the offer are to be made public: [Not Applicable/*give details*]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/*give details*]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/*give details*]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/*give details*]

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*]

12. **CONSENT TO THE USE OF PROSPECTUS** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

Consent to use of Base Prospectus: [The Issuer consents to the use of the Base Prospectus by all financial intermediaries (general consent).]

[General consent for the subsequent resale or final placement of the Notes by the financial intermediary[y][ies] is given in relation to [].]

[The Issuer consents to the use of the Base Prospectus by the following financial intermediary[y][ies] (individual consent): *[insert names] and address[es]*.]

[Individual consent for the subsequent resale or final placement of the Notes by the financial intermediary[y][ies] is given in relation to [] to *[insert names] and address[es]*] and *[give details]*.

[Such consent is also subject to and given under

condition []]

[The subsequent resale or final placement of the Notes by financial intermediaries can be made [as long as the Base Prospectus is valid in accordance with article 9 of the Prospectus Directive] [].]

13.

**SECONDARY
PRICING**

MARKET

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraph of this paragraph)

In the event that the Issuer decides to purchase the Notes from the Noteholder prior to the Maturity Date, the secondary market pricing provided by the Issuer on the Notes will reflect [] (*give details of hedge unwinding costs and/or missing profit of the hedging portfolio*)

PART C – OTHER APPLICABLE TERMS

[Insert other relevant information and provisions in accordance with Annex XXI of Regulation 2004/809/EC, such as (i) additional provisions, not required by the relevant securities notes, relating to the underlying country(ies) where the offer(s) to the public takes place, (ii) country(ies) where admission to trading on the regulated market(s) is being sought, (iii) country(ies) into which the relevant base prospectus has been notified, (iv) series number, (v) tranche number. Delete if not required]

PART D – SUMMARY OF THE SPECIFIC ISSUE

[Insert Summary of the specific issue]

CHAPTER 3 – SHARE LINKED NOTES

PART (A) – SPECIFIC TERMS AND CONDITIONS OF NOTES LINKED TO A SINGLE SHARE

The following terms and conditions apply to Notes linked to a single share issued by the Issuer and comprise the Terms and Conditions set out in Chapter 2 (the “**Base Conditions**”), the specific terms and conditions set out below (the “**Single Share Linked Conditions**”), any of the specific terms and conditions set out in Chapters 4, 5, 7, 8, 9, 10 and 11 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 12 (if applicable), in each case subject to completion in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2 completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Single Share Linked Conditions, the Single Share Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Single Share Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

“**Final Valuation Date**” means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Expiration Date; or
- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Averaging Dates;

“**Initial Valuation Date**” means the Strike Date;

“**Settlement Price**” means the Final Share Price.

2. Interest

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions, the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

“**Final Interest Valuation Date**” means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Final Interest Valuation Date specified in the Final Terms; or

- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates.

“**Interest Settlement Price**” means the Final Share Price.

2. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Additional Disruption Event**” means Change in Law, Hedging Disruption and/or Insolvency Filing.

“**Automatic Early Redemption Amount**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

“**Automatic Early Redemption Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

“**Automatic Early Redemption Event**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (unless otherwise specified in the applicable Final Terms) that the Price per Share is, as specified in the applicable 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.

“**Automatic Early Redemption Price**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, the Price per Share specified as such or otherwise determined in the applicable Final Terms.

“**Automatic Early Redemption Rate**” means, in respect of any Automatic Early Redemption Date and if “Automatic Early Redemption” is specified as being applicable in the Final Terms, the rate specified as such in the applicable Final Terms.

“**Automatic Early Redemption Valuation Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

“**Averaging Dates**” means each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Calculation Date**” means the Strike Date, the Expiration Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier Observation Date or any Redemption Barrier Observation Date or any other date on which a value of a Share is required to be calculated, as the case may be.

“**Change in Law**” means that on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, tax authority and/or any exchange) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction (including, without limitation, any relevant exchange or trading facility) of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:

- (X) it has (or it expects that it will) become illegal for the Issuer, the Guarantor or any of its affiliates to (i) hold, acquire or dispose of the Shares or to enter into transactions on or relating to the Shares or (ii) perform its obligations under the Notes; or
- (Y) the Issuer, the Guarantor or any of its affiliates would (or would expect to) incur a materially increased cost in (i) holding, acquiring or disposing of the Shares, (ii) maintaining, entering into or unwinding any Hedging Arrangement, and/or (iii) 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).

“**De-listing**” means that the Exchange announces that pursuant to its rules the Shares have ceased (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 such Shares are not immediately re-listed, re-traded or requoted 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) and such Shares are no longer listed on an Exchange acceptable to the Issuer.

“**Disrupted Day**” means any Scheduled Trading Day on which (i) the Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) on which a Market Disruption Event has occurred.

“**Early Closure**” means the closure on any Exchange Business Day of the Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by the Exchange or such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on the Exchange or such Related Exchange 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.

“**Exchange**” means the Exchange specified in the Final Terms or otherwise the stock exchange on which the Shares are, in the determination of the Issuer, traded or quoted or any successor to such Exchange or quotation system or any substitute exchange or quotation system to which trading in the Shares has temporarily been relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Shares on such successor or substitute exchange or quotation system as on the original Exchange).

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

“Exchange Disruption” means, in respect of the Shares, 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 Shares on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Shares on any Related Exchange.

“Expiration Date” means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“Extraordinary Dividend” means, in respect of the Shares, the characterisation of a dividend or portion thereof as an Extraordinary Dividend by the Issuer.

“Final Share Price” means the price of one Share in the Share Currency quoted on the Exchange at the Valuation Time on the relevant date, as determined by the Calculation Agent.

“Hedging Arrangement” means any hedging arrangements entered into by the Issuer, the Guarantor and/or its affiliates at any time with respect to the Notes, including without limitation, the entry into of any transaction(s) and/or the purchase and/or sale of the Shares or any other asset(s) to hedge the equity price risk of entering into and performing the obligations of the Issuer and/or the Guarantor under the Notes and any associated foreign exchange transactions.

“Hedging Disruption” means that the Issuer, the Guarantor and/or its affiliates is unable, after using commercially reasonable efforts, to (A) hold, acquire, re-establish, substitute, maintain, unwind or dispose of the Shares and/or any Hedging Arrangement, or (B) realise, recover or remit the proceeds of the Shares and/or any Hedging Arrangement and/or (c) any other event specified as such in the applicable Final Terms.

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

“Insolvency Filing” means that the Calculation Agent determines that the Share Issuer has instituted or has had instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition.

“Interest Averaging Dates” means each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“Market Disruption Event” means the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (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 or (iii) an Early Closure.

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

“**Merger Event**” means, in respect of the Shares, any (i) reclassification or change of the Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the out standing Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its subsidiaries with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a “Reverse Merger”), in each case if the Merger Date is on or before the Expiration Date (or such other date as may be specified in the Final Terms).

“**Nationalisation**” means that all the Shares of the Share Issuer or all or substantially all the assets of the Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“**New Shares**” means ordinary or common shares, whether of the entity or person (other than the Share Issuer) involved in the Merger Event or a third party, that are, or that as of the Merger Date are promptly scheduled to be, (i) publicly quoted, traded or listed 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 of state of the European Union) or on another exchange acceptable to the Issuer and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations.

“**Observation Date**” means each date, if any, specified as such in the Final Terms, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Observation Period**” has the meaning ascribed to it in the Final Terms.

“**Other Consideration**” means cash and/or any securities (other than New Shares) or assets (whether of the entity or person (other than the Share Issuer) involved in the Merger Event or a third party).

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

- (i) a subdivision, consolidation or reclassification of the Shares (unless resulting in a Merger Event), or a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the Shares of (A) Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of the

- Shares, or (C) share capital or other securities of another issuing institution acquired or owned (directly or indirectly) by the Share Issuer as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
 - (iv) a call by the Share Issuer in respect of Shares that are not fully paid;
 - (v) a repurchase by the Share Issuer or any of its subsidiaries of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) with respect to the Share Issuer, an event that results in any shareholder rights 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) being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer (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 Shares.

“**Price**” means, in respect of a Share, on any Exchange Business Day, the price of one such Share in the Share Currency quoted on the relevant Exchange (i) if “Constant Monitoring” is specified as being applicable in the Final Terms, at any given time on such Exchange Business Day or (ii) if “Valuation Time Only” is specified as being applicable in the Final Terms, at the Valuation Time on such Exchange Business Day, all as determined by the Calculation Agent.

“**Reference Item**” has the meaning given in the Final Terms.

“**Related Exchange**” means 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 the Shares, or such other options or futures exchange(s) as the Issuer may select, any transferee or successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to the Shares has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Shares on such temporary substitute exchange or quotation system as on the original Related Exchange).

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

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

“**Settlement Disruption Event**” means, if “Share Delivery” is specified as being applicable in the Final Terms, an event determined by the Calculation Agent to be beyond the control of the Issuer as a result of which the Issuer cannot transfer (or it would be contrary to applicable laws and regulations for the Issuer to transfer) the Shares comprised in the Share Amount(s) in accordance with the terms and conditions of the Notes.

“**Share Currency**” has the meaning ascribed to it in the Final Terms.

“**Share Issuer**” has the meaning ascribed to it in the Final Terms.

“**Shares**” has the meaning ascribed to it in the Final Terms.

“**Strike Date**” means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Strike Price**” means the price (if any) specified as such in the Final Terms.

“**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 Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

“**Tender Offer Date**” means, in respect of a Tender Offer, the date on which voting shares in an amount determined by the Calculation Agent are actually purchased or otherwise obtained (as determined by the Calculation Agent).

“**Trading Disruption**” means any suspension of or limitation imposed on trading by the Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or such Related Exchange or otherwise (i) relating to the Shares on the Exchange or (ii) in futures or options contracts relating to the Shares on a Related Exchange.

“**Valuation Time**” means the Scheduled Closing Time on the Exchange on the relevant date. If the Exchange closes prior to its Scheduled Closing Time, and the specified Valuation Time is after the actual closing time for its regular trading session, then (subject to Base Condition 4(i) of the Base Conditions) the Valuation Time shall be such actual closing time.

3. Disrupted Days

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

“(i) Disrupted Days

If the Calculation Agent determines that any Calculation Date in respect of the Shares is a Disrupted Day, then the relevant Calculation 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 original date that, but for the determination by the Calculation Agent of the occurrence of a Disrupted Day, would have been the relevant Calculation Date is a Disrupted Day.

In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the relevant Calculation Date in respect of the Shares, notwithstanding the fact that such day is a Disrupted Day;
- (b) the Calculation Agent shall determine the price of one Share as its good faith estimate of the price of one Share that would have prevailed, but for the occurrence of a Disrupted Day, at the Valuation Time on that eighth Scheduled Trading Day; and/or
- (c) the Issuer may make any adjustment or adjustments to the Final Redemption Amount, Automatic Early Redemption Amount, the Final Share Price, the Strike Price and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred on any relevant Calculation Date, payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is share-linked), as the case may be, shall be postponed to the later of (i) the Maturity Date, the Automatic Early Redemption Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the relevant postponed Calculation Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(i) of the Base Conditions.

The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes and/or any adjustment to any term of the Notes pursuant to this Base Condition 4(i).”

4. Adjustments

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

“(j) Adjustments, Consequences of Certain Events and Currency

(i) Adjustments

If the Calculation Agent determines that a Potential Adjustment Event has occurred or that there has been an adjustment to the settlement terms of listed contracts on the Shares traded on a Related Exchange, the Calculation Agent will determine whether such Potential Adjustment Event or adjustment has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the terms and conditions of the Notes (including the amount of interest payable, if any) as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividend, stock loan rate or liquidity) and (b) determine the effective date(s) of the adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment by reference to

the adjustment in respect of such Potential Adjustment Event or adjustment to settlement terms made by an options exchange to options on the Shares traded on that options exchange.

(ii) Consequences of a Merger Event

If the Calculation Agent determines that a Merger Event has occurred, the Issuer may:

- (a) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the Merger Date less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement, on such date as the Issuer may notify to Noteholders in accordance with Base Condition 12 of the Base Conditions; and/or
- (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Merger Event (provided that no adjustments will be made to solely account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the Shares traded on such options exchange and determine the effective date of that adjustment; and/or
- (c) save in respect of a Reverse Merger, on or after the relevant Merger Date, deem the New Shares and/or the amount of Other Consideration, if applicable (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable), and their issuer (if any) to be the “Shares” and the “Share Issuer”, respectively, and if the Calculation Agent determines to be appropriate, the Issuer will adjust any relevant terms of the Notes as it may determine.

The Issuer shall give notice of such redemption, adjustment or deemed change to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(iii) Consequences of a Tender Offer

If the Calculation Agent determines that a Tender Offer has occurred, then on or after the relevant Tender Offer Date the Issuer may:

- (a) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the Tender Offer Date less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement, on such date as the Issuer may notify to Noteholders in accordance with Base Condition 12 of the Base Conditions; and/or
- (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Tender Offer (provided that no adjustments will be made to account solely for changes in volatility or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the

adjustment(s) made in respect of such Tender Offer by an options exchange to options on the Shares traded on such options exchange and determine the effective date of that adjustment.

The Issuer shall give notice of such redemption or adjustment to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(iv) Nationalisation, Insolvency or De-listing

If in respect of the Shares or the Share Issuer the Calculation Agent determines that there has been a Nationalisation, an Insolvency or a De-listing, the Issuer may (i) request the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the other terms and conditions of the Notes (including the amount of interest payable, if any) to account for the Nationalisation, Insolvency or Delisting, as the case may be, and determine the effective date of that adjustment or (ii) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Nationalisation, Insolvency or De-listing less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement.

Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(v) Change of Exchange

If the Exchange is changed, the Issuer may make such consequential modifications to the Strike Price, Final Redemption Amount, Valuation Time and such other terms and conditions of the Notes (including the amount of interest payable, if any) as it may deem necessary.

(vi) Price Correction

In the event that any price or level published on the Exchange and which is utilised for any calculation or determination made under the Notes is subsequently corrected and the correction is published by the Exchange within three Business Days (or such other period specified in the Final Terms) after the original publication, the Calculation Agent will determine the amount (if any) that is payable following that correction, and, to the extent necessary, the Issuer will adjust the terms and conditions of the Notes to account for such correction.

(vii) Currency

If the Calculation Agent determines that any event occurs affecting the Relevant Currency or the currency in which any of the Shares are quoted, listed and/or dealt in on the Exchange (whether relating to the convertibility of any such currency into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer and the amount of interest payable, if any), the Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the

amount of interest payable, if any) as it deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(viii) **Additional Disruption Events**

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may (i) make any adjustment or adjustments to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate (including, without limitation, to the Final Redemption Amount, the Automatic Early Redemption Amount, the Final Share Price, the Strike Price and the amount of interest payable, if any) and/or (ii) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement. Notice of any determination made pursuant to this paragraph and of any adjustment and/or redemption of the Notes shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(ix) **Change in currency**

If, at any time after the Issue Date, there is any change in the currency in which the Shares are quoted, listed and/or dealt on the Exchange, then the Issuer will adjust such of the terms and conditions of the Notes as the Calculation Agent determines appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of Exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this section will affect the currency denomination of any payment obligation arising out of the Notes.”.

5. Automatic Early Redemption

For the purposes of the Notes, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(k) as follows:

“(k) **Automatic Early Redemption:**

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then 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 or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount.”.

6. Prescription

For the avoidance of doubt, Base Condition 7 of the Base Conditions shall apply to the Notes.

PART (B) - TERMS AND CONDITIONS OF NOTES LINKED TO A BASKET OF SHARES

The terms and conditions applicable to Notes linked to a basket of shares shall comprise the Terms and Conditions of the Notes set out in Chapter 2 (the “**Base Conditions**”), the specific terms and conditions set out below the (“**Basket Share Linked Conditions**”) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 12 (if applicable), in each case subject to completion in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2 completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Basket Share Linked Conditions, the Basket Share Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Basket Share Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

“**Final Valuation Date**” means:

- a) if Averaging is not specified as being applicable in the applicable Final Terms, the Expiration Date; or
- b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Averaging Dates;

“**Initial Valuation Date**” means the Strike Date;

“**Settlement Price**” means the Final Share Price.

2. Interest

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(h) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

“**Final Interest Valuation Date**” means:

- a) if Averaging is not specified as being applicable in the applicable Final Terms, the Final Interest Valuation Date specified in the Final Terms; or
- b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates;

“**Interest Settlement Price**” means the Final Share Price.

3. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Additional Disruption Event**” means Change in Law, Hedging Disruption and/or Insolvency Filing.

“**Automatic Early Redemption Amount**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

“**Automatic Early Redemption Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

“**Automatic Early Redemption Event**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (unless otherwise specified in the applicable Final Terms) that the Price of one or more Shares (as specified in the applicable Final Terms) is, as specified in the applicable 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(s).

“**Automatic Early Redemption Price(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, the Price(s) per Share specified as such or otherwise determined in the applicable Final Terms.

“**Automatic Early Redemption Rate**” means, in respect of any Automatic Early Redemption Date and if “Automatic Early Redemption” is specified as being applicable in the Final Terms, the rate specified as such in the applicable Final Terms.

“**Automatic Early Redemption Valuation Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

“**Averaging Dates**” means, in respect of a Share, each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Basket**” means a basket composed of Shares in the relative proportions and/or numbers of Shares of each Share Issuer specified in the Final Terms.

“**Calculation Date**” means the Strike Date, the Expiration Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier

Observation Date or any Redemption Barrier Observation Date or any other date on which a value of a Share is required to be calculated, as the case may be.

“**Change in Law**” means that, on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, tax authority and/or any exchange) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction (including, without limitation, any relevant exchange or trading facility) of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:

- (X) it has (or it expects that it will) become illegal for the Issuer, the Guarantor or any of its affiliates, to (i) to hold, acquire or dispose of the Shares or to enter into transactions on or relating to the Shares or (ii) perform its obligations under the Notes; or
- (Y) the Issuer, the Guarantor or any of its affiliates would (or would expect to) incur a materially increased cost in (i) holding, acquiring or disposing of the Shares, (ii) maintaining, entering into or unwinding any Hedging Arrangement, and/or (iii) 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).

“**Component Weight**” means the percentage or other value specified in the relevant Final Terms.

“**De-listing**” means that an Exchange announces that pursuant to its rules one or more of the Shares in the Basket has ceased (or will cease) to be listed, traded or publicly quoted on the relevant Exchange for any reason (other than a Merger Event or Tender Offer) and such Shares are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union) and such Shares are no longer listed on an Exchange acceptable to the Issuer.

“**Disrupted Day**” means, in respect of a Share, any Scheduled Trading Day on which (i) the relevant Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) on which a Market Disruption Event has occurred.

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

“**Exchange**” means, in respect of a Share, the Exchange specified for such Share in the Final Terms or otherwise the stock exchange on which such Share is, in the determination of the Issuer, traded or quoted or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Share has temporarily been relocated (provided that the Calculation

Agent has determined that there is comparable liquidity relative to such Share on such successor or substitute exchange or quotation system as on the original Exchange).

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

“**Exchange Disruption**” means, in respect of a Share, 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, such Share on the relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Share on any relevant Related Exchange.

“**Expiration Date**” means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Extraordinary Dividend**” means, in respect of a Share, the characterisation of a dividend or portion thereof as an Extraordinary Dividend by the Issuer.

“**Final Share Price**” means, in respect of a Share, the price of one such Share in the Share Currency quoted on the Exchange on the relevant date, as determined by the Calculation Agent.

“**Hedging Arrangement**” means any hedging arrangements entered into by the Issuer, the Guarantor and/or any of its affiliates at any time with respect to the Notes, including without limitation, the entry into of any transaction(s) and/or the purchase and/or sale of the Shares or any other asset(s) to hedge the equity price risk of entering into and performing the obligations of the Issuer and/or the Guarantor under the Notes and any associated foreign exchange transactions.

“**Hedging Disruption**” means that the Issuer, the Guarantor and/or its affiliates is unable, after using commercially reasonable efforts, to (A) hold, acquire, re-establish, substitute, maintain, unwind or dispose of the Shares and/or any Hedging Arrangement, or (B) realise, recover or remit the proceeds of the Shares and/or any Hedging Arrangement and/or (c) any other event specified as such in the applicable Final Terms.

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

“**Insolvency Filing**” means, in respect of a Share, that the Calculation Agent determines that the relevant Share Issuer has instituted or has had instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition.

“**Interest Averaging Dates**” means, in respect of a Share, each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Market Disruption Event**” means the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (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 or (iii) an Early Closure.

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

“**Merger Event**” means, in respect of one or more of the Shares in the Basket, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the relevant Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer or its subsidiaries with or into another entity in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a “Reverse Merger”), in each case if the Merger Date is on or before the Expiration Date (or such other date as may be specified in the Final Terms).

“**Nationalisation**” means that all the Shares of a Share Issuer or all or substantially all the assets of such Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“**New Shares**” means ordinary or common shares, whether of the entity or person (other than the relevant Share Issuer) involved in the Merger Event or a third party, that are, or that as of the Merger Date are promptly scheduled to be, (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member of state of the European Union) or on another exchange acceptable to the Issuer and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations.

“**Observation Date**” means each date, if any, specified as such in the Final Terms, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Observation Period**” has the meaning ascribed to it in the Final Terms.

“**Other Consideration**” means cash and/or any securities (other than New Shares) or assets (whether of the entity or person (other than the relevant Share Issuer) involved in the Merger Event or a third party).

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

- (i) a subdivision, consolidation or reclassification of one or more of the Shares in the Basket (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of one or more of the Shares in the Basket of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the relevant Share Issuer equally or proportionately with such payments to holders of such Shares, or (C) share capital or other securities of another issuing institution acquired or owned (directly or indirectly) by the relevant Share Issuer as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a call by a Share Issuer in respect of relevant Shares that are not fully paid;
- (v) a repurchase by a Share Issuer or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) with respect to a Share Issuer, an event that results in any shareholder rights 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) being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Issuer (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 one or more of the Shares in the Basket.

“**Price**” means, in respect of a Share, on any Exchange Business Day, the price of one such Share in the Share Currency quoted on the relevant Exchange (i) if “Constant Monitoring” is specified as being applicable in the Final Terms, at any given time on such Exchange Business Day or (ii) if “Valuation Time Only” is specified as being applicable in the Final Terms, at the Valuation Time on such Exchange Business Day, all as determined by the Calculation Agent.

“**Reference Item**” has the meaning given in the Final Terms.

“**Related Exchange**” means, in respect of a Share, each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share or such other options or futures exchange(s) as the Issuer may select, any transferee exchange or quotation system or any successor to any such exchange or

quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange).

“Scheduled Closing Time” means, in respect of an Exchange or a 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, in respect of a Share, any day on which the relevant Exchange and each relevant Related Exchange is scheduled to be open for trading for its regular trading sessions.

“Settlement Disruption Event” means, if “Share Delivery” is specified as being applicable in the Final Terms, in respect of a Share, an event determined by the Calculation Agent to be beyond the control of the Issuer as a result of which the Issuer cannot transfer (or it would be contrary to applicable laws and regulations for the Issuer to transfer) the Shares comprised in the Share Amount(s) in accordance with the terms and conditions of the Notes.

“Share Currency” has the meaning ascribed to it in the Final Terms.

“Share Issuer” has the meaning ascribed to it in the Final Terms.

“Shares” has the meaning ascribed to it in the Final Terms.

“Strike Date” means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“Strike Price” means the price (if any) specified as such in the Final Terms.

“Tender Offer” means, in respect of any Shares, 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 relevant Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

“Tender Offer Date” means, in respect of a Tender Offer, the date on which voting shares in an amount determined by the Calculation Agent are actually purchased or otherwise obtained (as determined by the Calculation Agent).

“Trading Disruption” means, in respect of a Share, any suspension of or limitation imposed on trading by an Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or such Related Exchange or otherwise (i) relating to such Share on such Exchange or (ii) in futures or options contracts relating to such Share on a Related Exchange.

“Valuation Time” means the Scheduled Closing Time on the relevant Exchange on the relevant date in relation to that Share. 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 (subject to Base Condition 4(j) of the Base Conditions) the Valuation Time shall be such actual closing time.

4. Disrupted Days

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

“(i) Disrupted Days

If the Calculation Agent determines that any Calculation Date is a Disrupted Day in respect of a Share, then the relevant Calculation Date in respect of that Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of that Share, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the Calculation Agent of the occurrence of a Disrupted Day, would have been the relevant Calculation Date is a Disrupted Day. In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the relevant Date for such Share notwithstanding the fact that such day is a Disrupted Day;
- (b) the Calculation Agent shall determine the price of one such Share as its good faith estimate of the price of one such Share that would have prevailed, but for the occurrence of a Disrupted Day, at the Valuation Time on that eighth Scheduled Trading Day; and/or
- (c) the Issuer may make any adjustment or adjustments to the Final Redemption Amount, Automatic Early Redemption Amount, the Final Share Price, the Strike Price and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred on any relevant Calculation Date, payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is share-linked), as the case may be, shall be postponed to the later of (i) the Maturity Date, the Automatic Early Redemption Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the relevant postponed Calculation Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(i) of the Base Conditions.

The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes and/or any adjustment to any term of the Notes pursuant to this Base Condition 4(i).”.

5. Adjustments

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

“(j) Adjustments, Consequences of Certain Events and Currency

(i) Adjustments

If the Calculation Agent determines that a Potential Adjustment Event has occurred in respect of one or more of the Shares in the Basket or that there has been an adjustment to the settlement terms of listed contracts on one or more of the Shares in the Basket traded on a Related Exchange, the Calculation Agent will determine whether such Potential Adjustment Event or adjustment has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the terms and conditions of the Notes (including the amount of interest payable, if any) as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividend, stock loan rate or liquidity) and (b) determine the effective date(s) of the adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event or adjustment to settlement terms made by an options exchange to options on the relevant Shares traded on that options exchange.

(ii) Consequences of a Merger Event

If the Calculation Agent determines that a Merger Event has occurred in respect of one or more of the Shares in the Basket, the Issuer may:

- (a) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the Merger Date less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement, on such date as the Issuer may notify to Noteholders in accordance with Base Condition 12 of the Base Conditions; and/or
- (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Merger Event (provided that no adjustments will be made to solely account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the relevant Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the relevant Shares traded on such options exchange and determine the effective date of that adjustment; and/or
- (c) save in respect of a Reverse Merger, on or after the relevant Merger Date, deem the New Shares and/or the amount of Other Consideration, if applicable (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable), and their issuer (if any) to be the relevant “Shares” and the relevant “Share Issuer”, respectively, and if the Calculation Agent determines to be appropriate, the Issuer will adjust any relevant terms of the Notes as it may determine.

The Issuer shall give notice of such redemption, adjustment or deemed change to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(iii) Consequences of a Tender Offer

If the Calculation Agent determines that a Tender Offer has occurred in respect of one or more of the Shares in the Basket, then on or after the relevant Tender Offer Date the Issuer may:

- (a) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the Tender Offer Date less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement, on such date as the Issuer may notify to Noteholders in accordance with Base Condition 12 of the Base Conditions; and/or
- (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Tender Offer (provided that no adjustments will be made to account solely for changes in volatility or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Tender Offer by an options exchange to options on the relevant Shares traded on such options exchange and determine the effective date of that adjustment.

The Issuer shall give notice of such redemption or adjustment to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(iv) Nationalisation, Insolvency or De-listing

If in respect of one or more of the Shares in the Basket or a Share Issuer the Calculation Agent determines that there has been a Nationalisation, an Insolvency or a De-listing, the Issuer may (i) request the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the other terms and conditions of the Notes (including the amount of interest payable, if any) to account for the Nationalisation, Insolvency or De-listing, as the case may be, and determine the effective date of that adjustment or (ii) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Nationalisation, Insolvency or De-listing less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement. Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(v) Change of Exchange

If an Exchange is changed, the Issuer may make such consequential modifications to the Strike Price, Final Redemption Amount, Valuation Time and such other terms and conditions of the Notes (including the amount of interest payable, if any) as it may deem necessary.

(vi) Price Correction

In the event that any price or level published on an Exchange and which is utilised for any calculation or determination made under the Notes is subsequently corrected and the correction is published by the relevant Exchange within three Business Days (or such other period as may be specified in the Final Terms) after the original publication, the Calculation Agent will determine the amount (if any)

that is payable following that correction, and, to the extent necessary, the Issuer will adjust the terms and conditions of the Notes to account for such correction.

(vii) Currency

If the Calculation Agent determines that any event occurs affecting the Relevant Currency or the currency in which any of the Shares are quoted, listed and/or dealt in on the Exchange (whether relating to the convertibility of any such currency into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer and the amount of interest payable, if any), the Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary.

The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(viii) Additional Disruption Events

If the Calculation Agent determines that an Additional Disruption Event has occurred in respect of one or more of the Shares in the Basket, the Issuer may (i) make any adjustment or adjustments to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate (including, without limitation, to the Final Redemption Amount, the Automatic Early Redemption Amount, the Final Share Price, the Strike Price and the amount of interest payable, if any) and/or (ii) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement. Notice of determination made pursuant to this paragraph and of any adjustment and/or redemption of the Notes shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(ix) Change in currencies

If, at any time after the Issue Date, there is any change in the currency in which the Shares are quoted, listed and/or dealt on the Exchange, then the Issuer will adjust such of the terms and conditions of the Notes as the Calculation Agent determines appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of Exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this section will affect the currency denomination of any payment obligation arising out of the Notes.”.

6. Automatic Early Redemption

For the purposes of the Notes, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(k) as follows:

“(k) Automatic Early Redemption:

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then 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 or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount.”.

7. Prescription

For the avoidance of doubt, Base Condition 8 of the Base Conditions shall apply to the Notes.

CHAPTER 4 – INDEX LINKED NOTES**TERMS AND CONDITIONS OF NOTES LINKED TO AN INDEX**

The following terms and conditions apply to Notes linked to a single index or a basket of indices issued by the Issuer shall comprise the Terms and Conditions of the Notes set out in Chapter 2 (the “**Base Conditions**”), the specific Terms and Conditions set out below (the “**Index Linked Conditions**”), any of the specific terms and conditions set out in Chapters 3, 5, 7, 8, 9, 10 and 11 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 12 (if applicable), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Index Linked Conditions, the Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Single Index Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

“**Final Valuation Date**” means:

- a) if Averaging is not specified as being applicable in the Final Terms, the Expiration Date; or
- b) if Averaging is specified as being applicable in the Final Terms, each of the Averaging Dates

“**Initial Valuation Date**” means the Strike Date;

“**Settlement Price**” means the Final Index Level.

2. Interest

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

“**Final Interest Valuation Date**” means:

- a) if Averaging is not specified as being applicable in the Final Terms, the Final Interest Valuation Date specified in the Final Terms; or

- b) if Averaging is specified as being applicable in the Final Terms, each of the Interest Averaging Dates.

“**Interest Settlement Price**” means the Final Index Level.

3. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Additional Disruption Event**” means a Change in Law and/or a Hedging Disruption.

“**Automatic Early Redemption Amount**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

“**Automatic Early Redemption Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(j) of the Base Conditions.

“**Automatic Early Redemption Event**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (unless otherwise specified in the applicable Final Terms) that the Index Level is, as specified in the applicable 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 Level.

“**Automatic Early Redemption Level**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, the Index Level specified as such or otherwise determined in the applicable Final Terms.

“**Automatic Early Redemption Rate**” means, in respect of any Automatic Early Redemption Date and if “Automatic Early Redemption” is specified as being applicable in the Final Terms, the rate specified as such in the applicable Final Terms.

“**Automatic Early Redemption Valuation Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to adjustment in accordance with Base Condition 4(j) of the Base Conditions.

“**Averaging Dates**” means, each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(j) of the Base Conditions.

“**Basket**” means a basket composed of Indices in the relative proportions and/or numbers of Indices specified in the Final Terms.

“**Calculation Date**” means the Strike Date, the Expiration Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation

Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier Observation Date or any Redemption Barrier Observation Date or any other date on which the Final Index Level is required to be calculated, as the case may be.

“**Change in Law**” means that, on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, tax authority and/or any exchange) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction (including, without limitation, any relevant exchange or trading facility) of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:

- (X) it has (or it expects that it will) become illegal for the Issuer, the Guarantor or any of its affiliates, to (i) hold, acquire or dispose of any Component of the Index or to enter into transactions on or relating to any Component of the Index or (ii) perform its obligations under the Notes; or
- (Y) the Issuer, the Guarantor or any of its affiliates would (or would expect to) incur a materially increased cost in (i) holding, acquiring or disposing of any Component of the Index, (ii) maintaining, entering into or unwinding any Hedging Arrangement, and/or (iii) 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).

“**Component**” means in respect of an Index, any shares, equity options or other component comprised in such Index. If the Index itself comprises or includes one or more other Indices, “Component” shall be read and construed as the relevant underlying shares, equity options or other components.

“**Disrupted Day**” means any Scheduled Trading Day on which (i) if “Multi-Exchange Index” is specified in the Final Terms, the Index Sponsor fails to publish the level of the Index or, if “Non Multi-Exchange Index” is specified in the Final Terms, the Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) on which a Market Disruption Event has occurred.

“**Early Closure**” means the closure on any Exchange Business Day of the relevant Exchange(s) or Related Exchange(s), if any, prior to its/their Scheduled Closing Time unless such earlier closing time is announced by the relevant 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 such Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the relevant Exchange(s) or such Related Exchange(s) system(s) for execution at the Valuation Time on such Exchange Business Day.

“**Exchange(s)**” means, if “Non Multi-Exchange Index” is specified in the Final Terms, the Exchange specified in the Final Terms or, if “Multi-Exchange Index” is specified in the Final Terms, in respect of any securities comprised in the Index, the stock exchanges (from time to time) on which in the determination of the Issuer such securities are listed for the purposes of such Index or any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprised in the Index has temporarily been relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities

underlying such Index on such successor or substitute exchange or quotation system as on the original Exchange).

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

“Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, if “Multi-Exchange Index” is specified in the Final Terms, any security comprised in the Index on any relevant Exchange or, if “Non Multi-Exchange Index” is specified in the Final Terms, securities that comprise 20 per cent. or more of the level of the Index on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Index on any relevant Related Exchange.

“Expiration Date” means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(j) of the Base Conditions.

“Final Index Level” means the level of the Index at the Valuation Time, as calculated and published by the Index Sponsor on the relevant date, as determined by the Calculation Agent.

“Hedging Arrangement” means any hedging arrangements entered into by the Issuer, the Guarantor and/or its affiliates at any time with respect to the Notes, including without limitation the entry into of any transaction(s) and/or purchase and/or sale of any Component of the Index or any other asset(s) to hedge the equity price risk of entering into and performing the obligations of the Issuer and/or the Guarantor under the Notes and any associated foreign exchange transactions.

“Hedging Disruption” means that the Issuer, the Guarantor and/or its affiliates is unable, after using commercially reasonable efforts, to (A) hold, acquire, re-establish, substitute, maintain, unwind or dispose of any Component of the Index and/or any Hedging Arrangement, or (B) realise, recover or remit the proceeds of any Component and/or any Hedging Arrangement and/or (c) any other event specified as such in the applicable Final Terms.

“Index” means the index specified in the Final Terms, or any Successor Index.

“Index Cancellation” means the Index Sponsor cancels the Index and no Successor Index exists.

“Index Disruption” means the Index Sponsor fails to calculate and announce the Index Level.

“Index Level” means, on any relevant Scheduled Trading Day, the level of the Index, as calculated and published by the Index Sponsor, (i) if “Constant Monitoring” is specified as being applicable in the Final Terms, at any given time on such Scheduled Trading Day or (ii) if “Official Closing Level Only” is specified as being applicable in the Final Terms, the official closing level of the Index on such Scheduled Trading Day.

“Index Modification” means the Index Sponsor announces that it will make (in the opinion of the Issuer) a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to

maintain the Index in the event of changes in constituent securities and capitalisation and other routine events).

“**Index Sponsor**” means unless otherwise specified in the applicable Final Terms the corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Scheduled Trading Day, failing whom such person acceptable to the Calculation Agent who calculates and announces the Index or any agent or person acting on behalf of such person.

“**Interest Averaging Dates**” means, each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(j) of the Base Conditions.

“**Market Disruption Event**” means the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines in its sole discretion is material at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure, provided that, if “Multi-Exchange Index” is specified in the Final Terms, the securities comprised in the Index in respect of which an Early Closure, an Exchange Disruption and/or a Trading Disruption occurs or exists amount, in the determination of the Issuer, in aggregate to 20 per cent. or more of the level of the Index. For the purpose of determining whether a Market Disruption Event exists at any time in respect of a security included in 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, as determined by the Calculation Agent.

“**Observation Date**” means each date, if any, specified as such in the Final Terms, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(j) of the Base Conditions.

“**Observation Period**” has the meaning ascribed to it in the Final Terms.

“**Related Exchange**” means each exchange or quotation system as the Calculation Agent determines on which trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Index, or such other options or futures exchange(s) as the Issuer may select, any transferee or successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Index on such temporary substitute exchange or quotation system as on the original Related Exchange).

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

“**Scheduled Trading Day**” means (i) if “Multi-Exchange Index” is specified in the Final Terms, any day on which the Index Sponsor is scheduled to publish the level of the Index and each Related

Exchange is scheduled to be open for trading for its regular trading session and (ii) if “Non Multi-Exchange Index” is specified in the Final Terms, any day on which the Exchange and each Related Exchange is scheduled to be open for trading for its regular trading session.

“**Strike Date**” means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(j) of the Base Conditions.

“**Strike Price**” means the price (if any) specified as such in the Final Terms.

“**Successor Index**” means where the Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, such successor index or index calculated and announced by the successor sponsor.

“**Trading Disruption**” means any suspension of or limitation imposed on trading by an Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or the relevant Related Exchange or otherwise (i) if “Multi-Exchange Index” is specified in the Final Terms, on any relevant Exchange(s) relating to any security comprised in the Index or, if “Non Multi-Exchange Index” is specified in the Final Terms, on the Exchange relating to securities that comprise 20 per cent or more of the level of the Index, or (ii) in futures or options contracts relating to the Index on a Related Exchange.

“**Valuation Time**” means the Scheduled Closing Time on the relevant date. 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 (subject to Base Condition 4(j) of the Base Conditions) the Valuation Time shall be such actual closing time.

4. Disrupted Days

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

“(j) Disrupted Days

If the Calculation Agent determines that any Calculation Date in respect of the Index or one or more Indices comprised in the Basket is a Disrupted Day, then the relevant Calculation 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 original date that, but for the determination by the Calculation Agent of the occurrence of a Disrupted Day, would have been the relevant Calculation Date is a Disrupted Day. In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the relevant Calculation Date in respect of the Index or Indices, as the case may be, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine the level of the Index or Indices, as the case may be, on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating such Index last in effect prior to the occurrence of the first Disrupted Day using the

Exchange-traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in such Index (or, if the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred in respect of a relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); and/or

- (c) the Issuer may make any adjustment or adjustments to the Final Redemption Amount, the Automatic Early Redemption Amount, any Index Level, the Strike Price and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred on any relevant Calculation Date payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is index-linked), as the case may be, shall be postponed to the later of (i) the Maturity Date, the Automatic Early Redemption Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period specified in the Final Terms) following the relevant postponed Calculation Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(j) of the Base Conditions.

The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes and/or any adjustment to any term of the Notes pursuant to this Base Condition 4(j).”.

5. Adjustments, Consequences of Certain Events and Currency

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(k) as follows:

“(k) Adjustments, Early Redemption and Currency

- (i) Adjustments and Early Redemption

If the Calculation Agent determines that an Additional Disruption Event, Index Modification, Index Cancellation or Index Disruption has occurred or any other event or events occur which the Calculation Agent determines necessitate(s) an adjustment or adjustments to the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable), the Strike Price, any Index Level and/or any other relevant term of the Notes (including the amount of interest payable, if any) (each such other event, a “Relevant Event”), the Issuer, at its discretion, may:

- (a) make any adjustment or adjustments to the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable), the Strike Price, any Index Level and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary; and/or
- (b) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the occurrence of such Additional Disruption Event,

Index Modification, Index Cancellation, Index Disruption or Relevant Event, as applicable, less, unless specified otherwise in the Final Terms, the cost to the Issuer (or the Guarantor) of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer (or the Guarantor) in respect of any such Hedging Arrangement.

Notice of any determination pursuant to this Base Condition 4(k)(i), any such adjustment and/or any redemption of the Notes hereunder shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(ii) Change of Exchange

If the or an Exchange is changed, the Issuer may make such consequential modifications to any of the Strike Price, Final Redemption Amount, Valuation Time and such other terms and conditions of the Notes (including the amount of interest payable, if any) as it may deem necessary.

(iii) Price Correction

In the event that any price or level published on the relevant Exchange(s) or by the Index Sponsor and which is utilised for any calculation or determination made under the Notes is subsequently corrected and the correction is published by the relevant Exchange(s) or Index Sponsor(s) within three Business Days (or such other period specified in the Final Terms) after the original publication, the Calculation Agent will determine the amount (if any) that is payable following that correction, and, to the extent necessary, the Issuer will adjust the terms and conditions of the Notes to account for such correction.

(iv) Currency

If the Calculation Agent determines that any event occurs affecting the Relevant Currency (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer and the amount of interest payable, if any), the Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.”.

6. Automatic Early Redemption

For the purposes of the Notes, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, Base Condition 5 of the Base Conditions shall be amended by the addition of a new Base Condition 4(1) as follows:

“(1) Automatic Early Redemption:

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then 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 or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms)

following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount.”.

7. Index Disclaimer

The Notes are not sponsored, endorsed, sold or promoted by the Index or the Indices comprising the Basket or the relevant Index Sponsor and the Index Sponsor has made no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. The Index Sponsor has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the Issuer, nor the Guarantor nor the Calculation Agent shall have any liability to any person for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Neither the Issuer, nor the Guarantor nor the Calculation Agent has any affiliation with or control over the Index or the Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Issuer, the Guarantor and the Calculation Agent will obtain information concerning the Index from publicly available sources they believe to be reliable, they will not independently verify this information.

CHAPTER 5 – FUND LINKED NOTES

TERMS AND CONDITIONS OF FUND LINKED NOTES

The following terms and conditions apply to Fund Linked Notes issued by the Issuer and comprise the Terms and Conditions set out in Chapter 2 (the “**Base Conditions**”), the specific terms and conditions set out below (the “**Fund Linked Conditions**”), any of the specific terms and conditions set out in Chapters 3, 4, 7, 8, 9, 10 and 11 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 12 (if applicable), in each case subject to completion in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Fund Linked Conditions; and (ii) the Final Terms, the Final Terms shall prevail.

1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the relevant Final Terms not having occurred prior to the Maturity Date or any other applicable date specified in the Final Terms, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula, for which purposes:

“**Final Valuation Date**” means:

- (i) with respect to Fund Linked Notes which are linked to a single Fund, (i) if “Single Price” is specified as the Final Price in the applicable Final Terms, the Valuation Date; (ii) if “Average Price” is specified as the Final Price in the applicable Final Terms, each of the Averaging Dates; or
- (ii) with respect to Fund Linked Notes which are linked to a Basket Portfolio:
 - (a) if Notional Fund Price is not specified as being applicable in the Final Terms (A) if “Single Price” is specified as the Final Price in the applicable Final Terms, the Valuation Date; or (B) if “Average Price” is specified as the Final Price in the applicable Final Terms, each of the Averaging Dates; or
 - (b) if Notional Fund Price is specified as being applicable in the Final Terms (A) if “Single Price” is specified as the Final Price in the applicable Final Terms, the Valuation Date; or (B) if “Average Price” is specified as the Final Price in the applicable Final Terms, each of the Averaging Dates;

“**Initial Valuation Date**” means the Strike Date.

“**Settlement Price**” means:

- (i) with respect to Fund Linked Notes which are linked to a single Fund, the Final Price; or

- (ii) with respect to Fund Linked Notes which are linked to a Basket Portfolio, (a) if Notional Fund Price is not specified as being applicable in the Final Terms, the Final Basket Price or (b) if Notional Fund Price is specified as being applicable in the Final Terms, the Final Basket Portfolio Interest Price.

In the case of Notes that are linked to a single Fund, if the Final Redemption Receipt Date falls on or after the Latest Permissible Receipt Date, then the Issuer may, notwithstanding Base Condition 4(i) of the Base Conditions, postpone the payment of the Final Redemption Amount to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Final Redemption Receipt Date and the Long Stop Date (the “**Final Payment Date**”). For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Maturity Date to the Final Payment Date. If the Calculation Agent determines that the Final Redemption Receipt Date falls on or after the Long Stop Date, the Notes shall be redeemed at zero or such other amount as the Issuer determines in its sole and absolute discretion.

In the case of Notes that reference a Basket Portfolio, if the Final Redemption Receipt Date of one or more of the Funds comprising the Basket Portfolio falls on or after the Latest Permissible Receipt Date (each such Fund being a “**Delayed Fund**”), then, notwithstanding Base Condition 4(i) of the Base Conditions, if under Basket Final Redemption, the consequence specified is:

- (i) “**Basket Final Redemption Postponement**”, the Issuer may postpone payment of the Final Redemption Amount to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Final Redemption Receipt Date in respect of the final Delayed Fund and the Long Stop Date (the “**Final Basket Payment Date**”). For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Maturity Date to the Final Basket Payment Date. If the Calculation Agent determines that the Final Basket Payment Date would fall on or after the Long Stop Date, the Notes shall be redeemed at such amount as the Issuer determines in its sole and absolute discretion; or
- (ii) “**Delayed Fund Redemption Postponement**”, the Issuer may pay the notional redemption proceeds of the Fund Interests that the Issuer would have received by the Latest Permissible Receipt Date on the Maturity Date and postpone the payment of the notional redemption proceeds of the Delayed Fund(s) to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Final Redemption Receipt Date in respect of the final Delayed Fund and the Long Stop Date (the “**Delayed Fund Final Payment Date**”). For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Maturity Date to the Delayed Fund Final Payment Date. If the Calculation Agent determines that the Final Redemption Receipt Date in respect of the final Delayed Fund falls on or after the Long Stop Date, the Notes shall be redeemed at such amount as the Issuer determines in its sole and absolute discretion.

For the purposes of this Condition 1 of the Fund Linked Conditions:

“**Averaging Dates**” means, in respect of the Calculation Determination Date, each of the dates specified as such in the applicable Final Terms, in each case subject to adjustment in accordance with the Fund Business Day Convention and Base Condition 4(i) of the Base Conditions.

“**Final Basket Portfolio Interest Price**” means:

- (a) if “**Single Price**” is specified as the Final Price in the applicable Final Terms, the Basket Portfolio Interest Price,
- (b) if “**Average Price**” is specified as the Final Price in the applicable Final Terms, the arithmetic mean of the Basket Portfolio Interest Prices,

as determined by the Calculation Agent.

“**Final Basket Price**” means:

- (a) if “**Single Price**” is specified as the Final Price in the applicable Final Terms, the sum of the amounts calculated as follows in respect of each Fund comprising the Basket:
 - (i) the Interest Price ; multiplied by
 - (ii) the relevant Component Weight;
- (b) if “**Average Price**” is specified as the Final Price in the applicable Final Terms, the sum of the amounts calculated as follows in respect of each Fund comprising the Basket:
 - (i) the arithmetic mean of the Interest Prices ; multiplied by
 - (ii) the relevant Component Weight,

as determined by the Calculation Agent.

“**Final Price**” means:

- (a) if “**Single Price**” is specified as the Final Price in the applicable Final Terms, the Interest Price; or
- (b) if “**Average Price**” is specified as the Final Price in the applicable Final Terms, the arithmetic mean of the Interest Prices.

“**Final Redemption Receipt Date**” means the date on which a holder of a Fund Interest would have received the proceeds of a redemption of such Fund Interest deemed to have been submitted for redemption on or as soon as reasonably practicable after the Valuation Date or final Averaging Date, as the case may be, all as determined by the Calculation Agent.

“**Fund**” means the entity, collective investment scheme, fund, trust, partnership or similar arrangement or undertaking specified as such in the applicable Final Terms, or any Replacement Fund.

“**Fund Interest**” means a unit, share, partnership interest, or other similar direct interest in a Fund that entitles the holder of such interest to a share in the net assets of that Fund, as specified as such in the applicable Final Terms, or such relevant interests in any Replacement Fund as determined by the Calculation Agent in accordance with Condition 6 of the Fund Linked Conditions below.

“**Fund Interest Price**” means, on any Fund Business Day, the price of one Fund Interest in the Relevant Currency as at that Fund Business Day (subject to the provisions of Base Condition 4(i) of the Base Conditions), which shall be equal to the available official net asset value of a Fund per Fund Interest for that Fund Business Day, as either notified to the Calculation Agent by the relevant Fund Manager or published by or on behalf of such Fund, less any applicable costs, expenses or taxes that

would be incurred by a holder of a Fund Interest in redeeming such Fund Interest, determined by the Calculation Agent; provided that if an Investing Entity either makes an investment in, or redeems, Fund Interests as of such Fund Business Day at a price per Fund Interest that is different from the one so notified or published, the net price per Fund Interest at which such investment or redemption is effected shall be treated as the Fund Interest Price.

“**Interest Price**” means the Fund Interest Price in the case of Notes that reference a single Fund and the Basket Interest Price in the case of Notes that reference a Basket Portfolio.

“**Latest Permissible Receipt Date**” means, in respect of any payment, the date that falls the Settlement Period before the Maturity Date or the Early Redemption Date, as the case may be.

“**Observation Dates**” means the dates specified as such in the relevant Final Terms, subject to adjustment in accordance with the Fund Business Day Convention and Base Condition 4(i) of the Base Conditions.

“**Settlement Period**” means seven Business Days (or such other number of Business Days as specified in the applicable Final Terms).

“**Strike Date**” means the date specified as such in the applicable Final Terms, subject to adjustment in accordance with the Fund Business Day Convention and Base Condition 4(i) of the Base Conditions.

All other terms shall have the meanings given to them in Condition 4 of these Fund Linked Conditions below.

2. Interest

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

“**Final Interest Valuation Date**” means:

- (i) with respect to Fund Linked Notes which are linked to a single Fund, (i) if Averaging is not specified as being applicable in the applicable Final Terms, the Valuation Date; (ii) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates; or
- (ii) with respect to Fund Linked Notes which are linked to a Basket Portfolio:
 - (a) if Notional Fund Price is not specified as being applicable in the Final Terms (A) if Averaging is not specified as being applicable in the applicable Final Terms, the Valuation Date; or (B) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates; or
 - (b) if Notional Fund Price is specified as being applicable in the Final Terms (A) if “Single Price” is specified as the Final Price in the applicable Final Terms, the

Valuation Date; or (B) if “Average Price” is specified as the Final Price in the applicable Final Terms, each of the Interest Averaging Dates;

“**Interest Settlement Price**” means:

- (i) with respect to Fund Linked Notes which are linked to a single Fund, the Final Price; or
- (ii) with respect to Fund Linked Notes which are linked to a Basket Portfolio, (a) if Notional Fund Price is not specified as being applicable in the Final Terms, the Final Basket Price or (b) if Notional Fund Price is specified as being applicable in the Final Terms, the Final Basket Portfolio Interest Price.

3. Early Redemption

Notwithstanding Base Conditions 4(a) and 8 of the Base Conditions, if (a) the Calculation Agent determines that an Early Redemption Event has occurred or is continuing, the Calculation Agent shall forthwith give notice as soon as reasonably practicable to the Noteholders in accordance with Base Condition 12 of the Base Conditions, and each Note shall fall due for redemption on the Early Redemption Date at its Early Redemption Amount, or (b) for the purposes of Base Condition 8 of the Base Conditions, an Event of Default occurs and is continuing and a Note held by a Noteholder is declared to be due and payable, the same shall become due and payable on the Early Redemption Date at its Early Redemption Amount.

In the case of Notes that reference a single Fund, if the Calculation Agent determines that the Early Redemption Receipt Date falls on or after the Latest Permissible Receipt Date, then the Issuer may postpone the payment of the Early Redemption Amount to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Early Redemption Receipt Date and the Long Stop Date (the “**Final Early Redemption Date**”). For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Early Redemption Date to the Final Early Redemption Date. If the Calculation Agent determines that the Early Redemption Receipt Date falls on or after the Long Stop Date, the Notes shall be redeemed at zero or such other amount as the Issuer determines in its sole and absolute discretion.

In the case of Notes that reference a Basket Portfolio, if the Early Redemption Receipt Date of one or more of the Funds comprising the Basket Portfolio falls on or after the Latest Permissible Receipt Date (each such Fund being a “**Delayed Early Redemption Fund**”), then if under Basket Early Redemption, the consequence specified is:

- (i) “**Basket Early Redemption Postponement**”, the Issuer may postpone payment of the Early Redemption Amount to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Early Redemption Receipt Date in respect of the final Delayed Early Redemption Fund and the Long Stop Date (the “**Final Early Redemption Basket Payment Date**”).

For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Early Redemption Date to the Final Early Redemption Basket Payment Date. If the Calculation Agent determines that the Final Early Redemption Basket Payment Date would fall on or after the Long Stop Date, the Notes shall be redeemed at such amount as the Issuer determines in its sole and absolute discretion; or

- (ii) **“Delayed Fund Early Redemption Postponement”**, the Issuer may pay the notional redemption proceeds of the Fund Interests that the Issuer would have received by the Latest Permissible Receipt Date on the Early Redemption Date and postpone the payment of the notional redemption proceeds of the Delayed Fund(s) to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Early Redemption Receipt Date in respect of the final Delayed Fund and the Long Stop Date (the **“Delayed Fund Final Early Redemption Date”**). For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Early Redemption Date to the Delayed Fund Final Early Redemption Date. If the Calculation Agent determines that the Early Redemption Receipt Date in respect of the final Delayed Fund falls on or after the Long Stop Date, the Notes shall be redeemed at such amount as the Issuer determines in its sole and absolute discretion.

Any notice to Noteholders in respect of such a payment shall specify the expected date of that payment, which date shall be confirmed by the Issuer in a later separate notice to Noteholders.

For the purposes of this Condition 3 of the Fund Linked Conditions:

“Associated Costs” means an amount per Note equal to the pro rata share (on the basis of the principal amount of the Note and the aggregate principal amount of all Notes which have not been redeemed or cancelled as at the date for early redemption) of the total amount of any and all costs associated or incurred by the Issuer in connection with such early redemption including, without limitation, any costs associated with liquidating or amending any financial instruments or transactions entered into by the Issuer in connection with the Notes, together with costs, expenses, fees or taxes incurred by the Issuer in respect of any such financial instruments or transactions and any costs associated with any market disruption, all as determined by the Calculation Agent.

“Early Redemption Amount” means, in respect of each Note, an amount in the Relevant Currency equal to the fair market value of such Note less the Associated Costs, with such fair market value being determined on the Early Redemption Receipt Date (taking into account the occurrence of the Early Redemption Event or Event of Default, as the case may be), as determined by the Calculation Agent by reference to such factor(s) as it may deem appropriate.

“Early Redemption Date” means the Business Day falling that number of Business Days equal to the Settlement Period following the Early Redemption Receipt Date.

“Early Redemption Event” means:

- (a) an event as described in Base Condition 4(c) of the Base Conditions; and
- (b) a determination by the Issuer pursuant to (iii) of Condition 7 and (iii) of Condition 8.2 of the Fund Linked Conditions below.

“Early Redemption Receipt Date” means the date on which a holder of a Fund Interest would have received the proceeds of a redemption of such Fund Interest deemed to have been made on or as soon as reasonably practicable after the date, either (a) in the case of an Early Redemption Event, notice of redemption of the Notes given to the Noteholders or, if no such date is specified, on which such notice is given or (b) in the case of an Event of Default, on which the Notes are declared due and payable, all as determined by the Calculation Agent.

“**Long Stop Date**” means the date falling two years after the Early Redemption Date or the Maturity Date, as the case may be (or such other date as specified in the applicable Final Terms).

4. Definitions

For the purposes of these Fund Linked Conditions, the following terms shall have the meanings set out below:

“**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.

“**Applicable Fund Centres**” has the meaning set out in the applicable Final Terms.

“**Calculation Date**” means an Averaging Date, an Interest Averaging Date, an Observation Date, the Strike Date, a Weight Rebalancing Date, the Valuation Date or any other date on which the Final Price a value of a Fund Interest is required to be calculated.

“**Calculation Determination Date**” means the Business Day (or such number of Business Days as specified in the applicable Final Terms) following the date on which the Interest Price for the Valuation Date or final Averaging Date or Interest Averaging Date, as the case may be, is either notified, published or (if the proviso to the definition of “Fund Interest Price” applies) the Final Redemption Receipt Date or the Early Redemption Receipt Date, as the case may be.

“**Disrupted Day**” means any Fund Business Day or, as applicable, Basket Business Day on which a Market Disruption Event has occurred.

“**Fund Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Applicable Fund Centres.

“**Fund Business Day Convention**” means as specified in the applicable Final Terms, where:

- (a) “**Following**” means if the relevant day is not a Fund Business Day or, as applicable, Basket Business Day such day shall be postponed to the next day which is a Fund Business Day or, as applicable, Basket Business Day;
- (b) “**Modified Following**” means if the relevant day is not a Fund Business Day or, as applicable, Basket Business Day such day shall be postponed to the next day which is a Fund Business Day or, as applicable, Basket Business Day unless it would thereby fall into the next calendar month, in which event such day shall be brought forward to the immediately preceding Fund Business Day or, as applicable, Basket Business Day; and
- (c) “**Preceding**” means if the relevant day is not a Fund Business Day or, as applicable, Basket Business Day such day shall be brought forward to the immediately preceding Fund Business Day or, as applicable, Basket Business Day.

“**Fund Manager**” means (a) the person specified as such in the applicable Final Terms, (b) any other person responsible from time to time for notifying the holders of Fund Interests of the relevant net asset value of the Fund or Fund Interests, or (c) the relevant manager or person as described in (b)

above in respect of any Replacement Fund as determined by the Calculation Agent in accordance with Condition 7 of the Fund Linked Conditions below.

“**Fund Rules**” means, with respect to a Fund, the terms of the bye-laws and other associated documentation relating to such Fund and any other rules or regulations relating to such Fund and the relevant Fund Interests (including any prospectus in respect of such) existing on the Issue Date of the Notes, including its investment guidelines and restrictions.

“**Hedge Counterparty**” means any party to a contract with the Issuer or any of its Affiliates under which the Issuer obtains a derivative exposure to Fund Interests and includes hedge counterparties of such hedge counterparties.

“**Investing Entity**” means the Issuer, any Affiliate of the Issuer or any Hedge Counterparty that holds, redeems or subscribes Fund Interests and references in the Fund Linked Conditions to an Investing Entity are to any such entity acting in that capacity.

“**Market Disruption Event**” means, in respect of a Fund Business Day, the occurrence or continuation, as determined by the Calculation Agent, of:

- (a) a failure or postponement that is, in the determination of the Calculation Agent, material by a Fund Manager to publish the official net asset value of a Fund per Fund Interest in respect of that Fund Business Day (provided that such Fund Business Day is a day for which such official net asset value is scheduled to be published); or
- (b) the inability of a holder of Fund Interests to subscribe for, or redeem, Fund Interests for value on that Fund Business Day (provided that such Fund Business Day is a day for which subscriptions or redemptions are scheduled to be permissible (in accordance with the Fund Rules)); or
- (c) a postponement or failure of a Fund to make any payment in respect of the redemption of Fund Interests on any day for which such payment is scheduled to be made (in accordance with the Fund Rules).

“**Valid Date**” means a Fund Business Day which the Calculation Agent determines is not a Disrupted Day and on which another Averaging Date or Interest Averaging Date, as the case may be, does not or is not deemed to occur.

“**Valuation Date**” has the meaning given to it in the applicable Final Terms.

5. Disrupted Days

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

“(i) Disrupted Days

If the Calculation Agent determines that, subject as provided below, any Calculation Date is a Disrupted Day, then such Calculation Date shall be the first succeeding Fund Business Day that is not a Disrupted Day, unless each of the Fund Business Days falling in the Disrupted Period is a Disrupted Day. In that case:

- (a) that final Fund Business Day of the Disrupted Period shall be deemed to be such Calculation Date in respect of the related Fund Interests, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine the Fund Interest Price as its good faith estimate of the relevant Interest Price that would have prevailed, but for the occurrence of a Disrupted Day, on that final Fund Business Day of the Disrupted Period.

If the Calculation Agent determines that any Averaging Date or Interest Averaging Date is a Disrupted Day, then if under Averaging Date Disruption in the Final Terms the consequence specified is:

- (i) “Omission”, then such Averaging Date or Interest Averaging Date, as the case may be, shall be deemed not to be an Averaging Date or Interest Averaging Date. If through the operation of this provision no Averaging Date or Interest Averaging Date would occur, then the provisions above will apply for the purposes of determining the relevant Fund Interest Price for the final Averaging Date or Interest Averaging Date as if such final Averaging Date or Interest Averaging Date were a Disrupted Day;
- (ii) “Postponement”, then the provisions above will apply for the purposes of determining the relevant Fund Interest Price for that Averaging Date or Interest Averaging Date, as the case may be, as if such Averaging Date or Interest Averaging Date were a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date or Interest Averaging Date, as applicable; or
- (iii) “Modified Postponement”, then the relevant Averaging Date or Interest Averaging Date, as the case may be, shall be the first succeeding Valid Date.

If the first succeeding Valid Date has not occurred as of the final Fund Business Day of the Cut-off Period for that original date that, but for the occurrence of another Averaging Date, Interest Averaging Date or Disrupted Day, would have been the final Averaging Date or Interest Averaging Date, as the case may be, then (A) that final Fund Business Day of the Cut-off Period shall be deemed to be the relevant Averaging Date or Interest Averaging Date (irrespective of whether such day is already an Averaging Date or Interest Averaging Date), and (B) the Calculation Agent shall determine the relevant Fund Interest Price for that Averaging Date or Interest Averaging Date with its good faith estimate of the Fund Interest Price that would have prevailed, but for the occurrence of a Disrupted Day, on that deemed Averaging Date or Interest Averaging Date.

Notwithstanding the provisions of Base Condition 4 of the Base Conditions, as amended, if the Calculation Agent determines that the Calculation Determination Date for any payment falls after the Latest Permissible Determination Date, such payment shall be postponed to the date that is the number of Business Days equal to the Settlement Period, following the Calculation Determination Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment. The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of any delay that results in the postponement of any payment in respect of the Notes.”

For the purpose of this Base Condition 4(i):

“**Cut-off Period**” means the Disrupted Period or such different number of Fund Business Days as specified in the applicable Final Terms.

“**Disrupted Period**” means the period comprising the number of Fund Business Days specified as such in the applicable Final Terms, commencing on (and including) the day immediately following the original date that, but for the determination by the Issuer of the occurrence of a Disrupted Day, would have been the Strike Date, an Observation Date, the Valuation Date or such Averaging Date or Interest Averaging Date, as the case may be.

“**Latest Permissible Determination Date**” means, in respect of any payment, the date that falls the number of Business Days equal to the Settlement Period before the relevant payment falls due.”

6. Adjustments

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

“(j) Adjustments

If the Calculation Agent determines that, in respect of a Fund, a Corporate Event has occurred or is continuing, the Calculation Agent will (a) make the corresponding adjustment(s), if any, to any one or more of the Redemption Amount, the Early Redemption Amount (if any) and/or any of the terms and conditions of the Notes as the Calculation Agent determines appropriate to account for the dilutive or concentrative effect on the value of Fund Interests and (b) determine the effective date(s) of the adjustment(s). The Issuer shall give notice of such adjustment to Noteholders in accordance with Base Condition 12 of the Base Conditions. For the avoidance of doubt, if Corporate Event is also specified as a Substitution Event in the Final Terms, the provisions of Condition 7 of the Fund Linked Conditions shall prevail.”

7. Inclusion Conditions and Substitution Events

If at any time the Calculation Agent determines that an applicable Substitution Event has occurred or is continuing with respect to a Fund, the Calculation Agent may:

- (i) waive such Substitution Event; or
- (ii) as soon as is practicable after such determination, replace such Fund for the purposes of the Notes with an appropriate alternative fund (a “**Replacement Fund**”), as determined by the Calculation Agent and following any such replacement, the Calculation Agent may make any adjustments to the terms and conditions of the Notes as it deems appropriate to reflect such replacement; or
- (iii) determine that the Notes shall become due for redemption in accordance with Condition 2 of these Fund Linked Conditions; or
- (iv) determine that the effect of the Substitution Event can be compensated by an adjustment to the terms and conditions of the Notes and following any such determination, the Calculation Agent may make any adjustments to the terms and conditions of the Notes as it deems appropriate to reflect such compensation.

A Substitution Event is applicable in respect of the Notes if it is so specified in the Final Terms, where such term so specified shall have the meaning provided immediately below. If no Substitution Event is specified, then no Substitution Event will be deemed to have been specified. If one or more Substitution Events are specified, only the Substitution Events specified will apply. For these purposes:

“**Audit Event**” means the making of any reservation in an audit report of a Fund by the auditor of that Fund that is, in the determination of the Calculation Agent, material;

“**Charging Change**” means the increase of, or introduction by a Fund of (a) a bid/offer spread or (b) charges for subscription or redemption orders made by an Investing Entity, for Fund Interests in addition to any such spread or charge specified in the Fund Rules as applicable on the Issue Date;

“**Corporate Event**” means a declaration by or on behalf of a Fund of:

- (i) a subdivision, consolidation, reclassification or distribution of the relevant Fund Interests which has a diluting or concentrative effect on the theoretical value of such Fund Interests;
- (ii) a (1) dividend (including cash, and whether ordinary or extraordinary), (2) distribution or (3) issue of the relevant Fund Interests, capital, securities, rights or other assets or interests to existing holders of the relevant Fund Interests that has or is likely to have an effect on the value of such Fund Interest; or
- (iii) a call by a Fund in respect of the relevant Fund Interests that are not fully paid;

“**Cross-contamination**” means any cross-contamination or other failure by a Fund to effectively segregate assets between the different classes of Fund Interests and different classes, series or compartments of that Fund;

“**Currency Change**” means the currency in which (a) Fund Interests are denominated or (b) the net asset value of a Fund is calculated, is no longer the currency specified in the Fund Rules;

“**Distribution Inkind**” means a redemption of Fund Interests in the form of a distribution of non-cash assets;

“**Fund Accounting Event**” means any changes in the accounting principles or policies applicable to a Fund and/or its Fund Manager and/or any Investing Entity which might reasonably be expected to have an economic, legal or regulatory impact for the Issuer;

“**Fund Constitution Breach**” means any failure to observe any of the objects, constitution, conditions, nature, or Fund Rules of a Fund that is, in the determination of the Calculation Agent, material;

“**Fund Constitution Change**” means any modification of the objects, constitution, conditions, nature, or Fund Rules of a Fund that is, in the determination of the Calculation Agent, material;

“**Fund Regulatory Event**” means any changes in the regulatory treatment applicable to a Fund and/or its Fund Manager and/or any Investing Entity which might reasonably be expected to have an economic, legal or regulatory impact for the Issuer;

“**Fund Rules Breach**” means any failure of the Fund Manager of a Fund to comply with any terms set out in the Fund Rules of that Fund;

“**Fund Strategy Breach**” means any failure to observe any of the investment objectives, policies or strategy of a Fund that is, in the determination of the Calculation Agent, material;

“**Fund Strategy Change**” means any modification of the investment objectives, policies or strategy of a Fund that is, in the determination of the Calculation Agent, material;

“**Fund Tax Event**” means any changes in the tax treatment applicable to a Fund and/or its Fund Manager and/or any Investing Entity which might reasonably be expected to have an economic, legal or regulatory impact for the Issuer;

“**Hedging Event**” means the Issuer is unable, or would incur an increased cost (compared with that on the Issue Date), to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of, in such size and upon such timing as it determines appropriate, any transaction(s) or asset(s) it deems necessary to hedge the 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) or asset(s) upon such timing and in such form as it determines appropriate, whether or not in accordance with the Fund Rules;

“**Investor Tax Event**” means any changes in the regulatory, tax, accounting and/or any other treatment applicable to the holder of Fund Interests, which could have an economic or legal or regulatory impact for such holder;

“**Litigation Event**” means the commencement or continuation of litigation involving a Fund, Fund Manager or other service provider of that Fund that is, in the determination of the Calculation Agent, material;

“**Management Change**” means the occurrence of any event or the making of any changes affecting the structure of a Fund, its management, its material service providers, its reputation or solvency and/or the structure of, or rights attaching to, any shares in the capital of a Fund, which, in the reasonable opinion of the Calculation Agent is likely to have a significant impact on the value of the Fund Interests of such Fund, whether immediately or later;

“**Mandatory Disposal**” means any event or circumstance (whether or not imposed by the Fund, or in accordance with the Fund Rules) that obliges the holder of Fund Interests to sell or otherwise dispose of such Fund Interests;

“**Market Event**” means any crisis in the major financial markets such that the holding, trading or managing of an investment in a Fund is impracticable, inadvisable or materially altered;

“**NAV Suspension**” means suspension of the calculation or publication of the net asset value of a Fund, or failure by its Fund Manager, its administrator or any relevant entity duly appointed in that respect to deliver when due any relevant report detailing the net asset value of that Fund;

“**Performance Failure**” means any failure of the Fund Manager, administrator and/or the custodian (and/or other relevant service provider, as determined by the Calculation Agent) of a Fund to perform any of its material obligations under the Fund Rules or the liquidation, termination of appointment or resignation of the Fund Manager, administrator, custodian and/or a relevant service provider of such Fund;

“**Potential Regulatory Event**” means an investigation into the activities of a Fund, its Fund Manager, its custodian and/or its administrator being launched, or such activities being placed under review, in each case by their respective regulatory authorities or other competent body, for reason of alleged wrong-doing, alleged breach of any rule or regulation, or other similar reason;

“**Redemption Failure**” means a holder of Fund Interests would be unable to receive redemption payments in respect of such Fund Interests;

“**Regulatory Event**” means the winding-up, the closure or the termination of a Fund or the cancellation of the approval or registration of a Fund or its Fund Manager (or any successor thereto) by any relevant regulatory authority;

“**Subscription/Redemption Alteration**” means any subscription or redemption orders with respect to Fund Interests are not executed as described in the Fund Rules for that Fund;

“**Subscription/Redemption Restriction**” means any suspension of, or any restriction on, the acceptance of subscriptions or redemptions for Fund Interests or any limitation imposed on such subscription or redemptions (whether or not in accordance with the Fund Rules); or

“**Transfer Restriction**” means suspension of, or any restriction on, the ability of a holder of Fund Interests to transfer any such Fund Interests, other than in accordance with the Fund Rules.

8. Basket Portfolio

If Basket Portfolio is specified as applicable in the relevant Final Terms, the Issuer will establish and maintain a notional basket portfolio (the “**Basket Portfolio**”) in respect of the Notes that shall comprise a notional investment in a basket of Funds. The Basket Portfolio will be notionally subdivided into interests (each a “**Basket Portfolio Interest**”). The value from time to time of a Basket Portfolio Interest (the “**Basket Portfolio Interest Price**”) will be equal to the Basket Value divided by the Number of Basket Portfolio Interests. The value of the Basket Portfolio (the “**Basket Value**”) shall initially equal the Initial Basket Value and subsequently shall equal the sum of the Fund Values. The Initial Number of Basket Portfolio Interests equals the Aggregate Nominal Amount of the Notes divided by the Specified Denomination, unless otherwise specified in the relevant Final Terms. On each occasion on which there is a notional redemption or subscription of Basket Portfolio Interests, the Number of Basket Portfolio Interests will be increased (in the case of a subscription) or decreased (in the case of a redemption) by the amount of such subscription or redemption divided by the Basket Portfolio Interest Price. Basket Portfolio Interests may only be notionally redeemed or subscribed on a Basket Business Day.

The Funds included in the Basket Portfolio and their respective Weights as of the Strike Date (the “**Initial Weights**”) will be set out in the applicable Final Terms. The “**Initial Number of Fund Interests**” for each Fund will be determined in accordance with the following formula:

$$\text{Initial Basket Value} \times \text{Initial Weight/Fund Interest Price at which the relevant Fund Interest is notionally purchased on the Strike Date.}$$

The Number of Fund Interests will change over time (i) on the notional redemption or subscription of Basket Portfolio Interests or (ii) on a Weight Rebalancing, including following a Basket Substitution Event as set out below. If any notional redemption or subscription of Basket Portfolio Interests does not fall on a Weight Rebalancing Date, the Issuer shall notionally redeem or subscribe, as the case

may be, a pro rata number of each Fund's Fund Interests in the Basket Portfolio equal to the proportion of Basket Portfolio Interests redeemed or subscribed. Otherwise, the redemption or subscription of Fund Interests shall be effected in accordance with the Weight Rebalancing provisions in Condition 8 of these Fund Linked Conditions set out below such that the number of Fund Interests redeemed or subscribed in each Fund shall be such number that will result in the Fund having the Weight required by the Weight Rebalancing provisions in Condition 8.1 of these Fund Linked Conditions.

Where:

“**Basket Business Day**” has the meaning specified in the applicable Final Terms.

“**Fund Value**” means, in relation to each Fund included in a Basket Portfolio, the product of the Number of Fund Interests and the Fund Interest Price for that Fund.

“**Initial Basket Value**” means the Aggregate Nominal Amount of the Notes (or such other amount as specified in the relevant Final Terms).

“**Number of Basket Portfolio Interests**” equals the Initial Basket Value divided by the initial Basket Portfolio Interest Price.

“**Number of Fund Interests**” means, in relation to each Fund included in the Basket Portfolio, the number of Fund Interests in such Fund included in the Basket Portfolio as determined above.

“**Weight**” means, in relation to each Fund included in the Basket Portfolio, the percentage of the Basket Value comprised by the related Fund Value.

“**Weight Rebalancing Date**” has the meaning specified in the applicable Final Terms.

8.1. Weight Rebalancing

The Weight of each Fund in a Basket Portfolio may be adjusted on each Weight Rebalancing Date in accordance with the following provisions, provided that the sum of the Weights of all the Funds in the Basket Portfolio shall always be 100 per cent. and each rebalancing shall involve a notional subscription of Fund Interests (where the weight of a Fund is to increase) or redemption of Fund Interests (where the weight of a Fund is to decrease) in each Fund the Weight of which is to be rebalanced such that the Basket Value is not affected by the rebalancing (although it may be affected by changes in individual Fund Interest Prices that occur during the rebalancing).

- (i) *No Weight Rebalancing*: If “**No Weight Rebalancing**” is specified as being applicable in the relevant Final Terms, Weight Rebalancing will not be applicable.
- (ii) *Standard Weight Rebalancing*: If “**Standard Weight Rebalancing**” is specified as being applicable in the relevant Final Terms, the Weight of each Fund within the Basket Portfolio on a Weight Rebalancing Date shall be adjusted so that it equals the Weight of such Fund on the Weight Rebalancing Date immediately prior to the Weight Rebalancing Date after the application of the relevant Weight Rebalancing provisions as of such prior Weight Rebalancing Date. Where no Weight Rebalancing Date has occurred prior to the Weight Rebalancing Date or if Standard Weight Rebalancing is the only applicable Weight Rebalancing provision during the term of the Notes, the Weight of each Fund within the

Basket Portfolio on the Weight Rebalancing Date shall be adjusted so that it equals its Initial Weight.

- (iii) *Active Weight Rebalancing*: If “**Active Weight Rebalancing**” is specified as being applicable in the relevant Final Terms, a third party, which, for the avoidance of doubt, shall not be acting as an agent for the Issuer, the Calculation Agent or any of their affiliates and will not hold itself out as an agent for the Issuer, the Calculation Agent or any of their affiliates, as designated in the relevant Final Terms (“**Active Weight Rebalancing Entity**”) may on providing the Calculation Agent with such written notice (“**Active Weight Rebalancing Written Notice**”) as specified in the relevant Final Terms prior to a Weight Rebalancing Date, adjust the Weights applying to each Fund in the Basket Portfolio on a Weight Rebalancing Date, provided that immediately following such Active Weight Rebalancing the composition of the Basket Portfolio complies with the Investment Restrictions. If no Active Weight Rebalancing Written Notice has been received by the Calculation Agent prior to a Weight Rebalancing Date or if an Active Weight Rebalancing Written Notice does not comply with the Investment Guidelines, Fallback Active Weight Rebalancing will apply.

Where:

“**Active Weight Rebalancing Entity**” has the meaning specified in the applicable Final Terms.

“**Active Weight Rebalancing Written Notice**” means 100 calendar days unless otherwise specified in the applicable Final Terms.

“**Fallback Active Weight Rebalancing**” means No Weight Rebalancing unless otherwise specified in the relevant Final Terms.

“**Investment Restrictions**” has the meaning specified in the applicable Final Terms.

- (iv) *Standard Weight Rebalancing subject to Thresholds*: If “Standard Weight Rebalancing subject to Thresholds” is specified as being applicable in the relevant Final Terms and the difference between the Weight of any Fund on a Weight Rebalancing Date and the Weight of such Fund on the previous Weight Rebalancing Date on which there was a rebalancing is more than the Threshold specified in the applicable Final Terms, the Weight of each Fund within the Basket Portfolio on that Weight Rebalancing Date shall be adjusted so that it equals the Weight of such Fund on the most recent Weight Rebalancing Date prior to the Weight Rebalancing Date on which there was a rebalancing after the application of the relevant Weight Rebalancing provisions as of such prior Weight Rebalancing Date. Where no Weight Rebalancing Date has occurred prior to the Weight Rebalancing Date or if Standard Weight Rebalancing is the only applicable Weight Rebalancing provision during the term of the Notes, the Weight of each Fund within the Basket Portfolio on the Weight Rebalancing Date shall be adjusted (subject to the threshold) so that it equals its Initial Weight.

8.2. Basket Substitution Events

If the Calculation Agent determines that a Substitution Event as defined in Condition 7 of these Fund Linked Conditions has occurred in relation to a Fund in the Basket Portfolio at such time (the “**Original Fund**”) then the Calculation Agent may:

- (i) waive such Substitution Event; or

- (ii) remove such Fund from the Basket Portfolio with effect as soon as reasonably practicable and, as soon as reasonably practicable following the removal of such Fund, either:
 - (a) substitute such Fund with a Replacement Fund having the same weight as the Original Fund or more than one Replacement Fund having individual Weights selected by the Calculation Agent and an aggregate Weight equal to the Original Fund; or
 - (b) if no Replacement Fund is available or if a Fund Substitution Event has occurred in relation to each of the Replacement Funds, adjust the Weights of the remaining Funds in the Basket Portfolio;

and following any such replacement or weight adjustment, the Calculation Agent may make any adjustments to the terms and conditions of the Notes as it deems appropriate to reflect such replacement or weight adjustment; or

- (iii) determine that the Notes shall become due for redemption in accordance with Condition 2 of these Fund Linked Conditions above; or
- (iv) determine that the effect of the Substitution Event can be compensated by an adjustment to the terms and conditions of the Notes and following any such determination, the Calculation Agent may make any adjustments to the terms and conditions of the Notes as it deems appropriate to reflect such compensation.

As of such date of replacement of the Original Fund with one or more Replacement Funds, the Replacement Fund (or where more than one Replacement Fund is used, the Replacement Funds together) will be deemed to be the Original Fund for the purposes of this Condition 8.2 of these Fund Linked Conditions.

For the avoidance of doubt, the Issuer or the Calculation Agent are under no obligation to monitor whether or not a Substitution Event has occurred in respect of any Fund. Neither the Issuer nor the Calculation Agent shall be liable to any Noteholder for losses resulting from (i) any determination that the Substitution Event has occurred or has not occurred in relation to a Fund, (ii) the timing relating to the determination that a Substitution Event has occurred in relation to a Fund or (iii) any actions taken or not taken by the Issuer as a result of such determination that a Substitution Event has occurred.

7.3. Basket Adjustments

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(k) as follows:

“(k) Basket Adjustments

If the Calculation Agent determines that, in respect of a Fund in the Basket Portfolio, a Corporate Event has occurred or is continuing, the Calculation Agent will (a) make the corresponding adjustment(s), if any, to any one or more of the Redemption Amount, the Early Redemption Amount (if any) and/or any other provision as the Calculation Agent determines appropriate to account for the dilutive or concentrative effect on the value of the relevant Fund Interests and (b) determine the effective date(s) of the adjustment(s). The Issuer shall give notice of such adjustment to Noteholders in accordance with Base Condition 12 of the Base Conditions. For the avoidance of doubt, if Corporate

Event is also specified as a Substitution Event in the Final Terms, the provisions of Condition 6.2 of these Fund Linked Conditions shall prevail.”.

7.4. Basket Portfolio Disrupted Days

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(1) as follows:

“(1) Basket Portfolio Disruption

If the Calculation Agent determines that, subject as provided below, any Calculation Date in respect of any Fund Interest in the Basket Portfolio is a Disrupted Day (each an “**Affected Fund Interest**”), then:

- (i) if “**Affected Fund Disruption**” is specified in the relevant Final Terms, the relevant Calculation Date in respect of the Affected Fund Interest only shall be the first succeeding relevant Fund Business Day that is not a Disrupted Day, unless each of the relevant Fund Business Days falling in the Disrupted Period is a Disrupted Day. In that case (a) the final Fund Business Day of the Disrupted Period shall be deemed to be the relevant Calculation Date in respect of the Affected Fund Interest, notwithstanding the fact that such day is a Disrupted Day and (b) the Calculation Agent shall determine the Fund Interest Price of the Affected Fund Interest as its good faith estimate of the Fund Interest Price of the Affected Fund Interest that would have prevailed, but for the occurrence of a Disrupted Day, on that final Fund Business Day of the Disrupted Period (the “**Affected Fund Calculation Date**”). The related Basket Value shall be determined on the Affected Fund Calculation Date and the Fund Values for all Fund Interests that are not Affected Fund Interests shall be determined on the relevant scheduled Calculation Date.

If the Calculation Agent determines that any Averaging Date or Interest Averaging Date is a Disrupted Day and Affected Fund Disruption is specified, then if under Basket Averaging Date Disruption in the Final Terms the consequence specified is:

- (A) “**Affected Fund Omission**”, then such Averaging Date or Interest Averaging Date shall be deemed not to be an Averaging Date or Interest Averaging Date, in relation to the Affected Fund only. If through the operation of this provision no Averaging Date or Interest Averaging Date would occur in relation to such Affected Fund, then the provisions above will apply for the purposes of determining the relevant Fund Interest Price for the final Averaging Date or Interest Averaging Date as if such final Averaging Date or Interest Averaging Date were a Disrupted Day;
- (B) “**Affected Fund Postponement**”, then the provisions above will apply for the purposes of determining the relevant Fund Interest Price of the relevant Affected Fund Interest only for that Averaging Date or Interest Averaging Date, as if such Averaging Date or Interest Averaging Date were a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date or Interest Averaging Date would fall on a date that already is or is deemed to be an Averaging Date or Interest Averaging Date; or
- (C) “**Affected Fund Modified Postponement**”, then the relevant Averaging Date or Interest Averaging Date for the relevant Affected Fund Interest only shall be the first

succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the final Fund Business Day of the Cut-off Period for that original date that, but for the occurrence of another Averaging Date or Interest Averaging Date or Disrupted Day, would have been the final Averaging Date or Interest Averaging Date then (A) that final Fund Business Day of the Cut-off Period shall be deemed to be the relevant Averaging Date or Interest Averaging Date (irrespective of whether such day is already an Averaging Date or Interest Averaging Date), and (B) the Calculation Agent shall determine the relevant Fund Interest Price of the relevant Affected Fund for that Averaging Date or Interest Averaging Date with its good faith estimate of the Fund Interest Price that would have prevailed.

- (ii) if “**Basket Disruption**” is specified in the relevant Final Terms, the relevant Calculation Date for all Fund Interests in the Basket Portfolio shall be the first succeeding Basket Business Day that is not a Disrupted Day, unless each of the Basket Business Days falling in the Disrupted Period is a Disrupted Day. In that case (a) that final Basket Business Day of the Disrupted Period shall be deemed to be the relevant Calculation Date in respect of all Fund Interests in the Basket Portfolio and (b) the Calculation Agent shall determine the Fund Interest Price of each Affected Fund Interest as its good faith estimate of the relevant Fund Interest Price of each Affected Fund Interest that would have prevailed, but for the occurrence of a Disrupted Day, on that final Basket Business Day of the Disrupted Period.

If the Calculation Agent determines that any Averaging Date or Interest Averaging Date is a Disrupted Day and Basket Disruption is specified, then if under Basket Averaging Date Disruption in the Final Terms the consequence specified is:

- (A) “**Basket Omission**”, then such Averaging Date or Interest Averaging Date shall be deemed not to be an Averaging Date or Interest Averaging Date, in relation to the Basket Portfolio, for the purposes of determining the Basket Portfolio Interest Price. If through the operation of this provision no Averaging Date or Interest Averaging Date would occur in relation to the Basket Portfolio, then the provisions above will apply for the purposes of determining each Fund Interest Price for the final Averaging Date or Interest Averaging Date as if such final Averaging Date or Interest Averaging Date were a Disrupted Day;
- (B) “**Basket Postponement**”, then the provisions above will apply for the purposes of determining the Fund Interest Price of each Fund in the Basket Portfolio for that Averaging Date or Interest Averaging Date as if such Averaging Date or Interest Averaging Date were a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date or Interest Averaging Date; or
- (C) “**Basket Modified Postponement**”, then the relevant Averaging Date or Interest Averaging Date for each Fund Interest in the Basket Portfolio shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the final Basket Business Day of the Cut-off Period for that original date that, but for the occurrence of another Averaging Date or Interest Averaging Date or Disrupted Day, would have been the final Averaging Date or Interest Averaging Date then (A) that final Basket Business Day of the Cut-off Period shall be deemed to be the relevant

Averaging Date or Interest Averaging Date (irrespective of whether such day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant Fund Interest Price of each Fund in the Basket Portfolio for that Averaging Date or Interest Averaging Date with its good faith estimate of each Fund Interest Price that would have prevailed.

For the purposes of this paragraph (ii) only, all references in the definitions of Cut-off Period, Disruption Period and Value Date to Fund Business Day shall be construed to be references to Basket Business Day.

- (iii) If “**Affected Fund Estimate**” is specified in the relevant Final Terms, the Calculation Agent shall determine the price of one relevant Affected Fund Interest as its good faith estimate of the price of one relevant Affected Fund Interest that would have prevailed, but for the occurrence of a Disrupted Day, on the relevant scheduled Calculation Date.”.

CHAPTER 6 – CREDIT LINKED NOTES

GENERAL TERMS FOR CREDIT LINKED NOTES

The terms and conditions applicable to Credit Linked Notes issued by the Issuer shall comprise the Terms and Conditions set out in Chapter 2 (the “**Base Conditions**”) and the specific terms and conditions set out below (the “**Credit Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2 completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Credit Linked Conditions, the Credit Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Credit Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

1. FINAL REDEMPTION AND MATURITY DATE

Base Condition 4(b) (*Maturities/Final Redemption*) shall not apply and instead the provisions of this Credit Linked Condition 1 shall apply.

- a) For the purposes of the Credit Linked Notes, “Scheduled Maturity Date” means the original Maturity Date specified in paragraph 7 of the Final Terms.
- b) Unless either (i) the Notes have been previously redeemed or purchased and cancelled, or (ii) the provisions of Credit Linked Condition 2 apply, the Issuer will redeem each of the Notes on the Scheduled Maturity Date in an amount equal to its Final Redemption Amount on the Scheduled Maturity Date.
- c) The Calculation Agent may deliver an Extension Notice at any time prior to the Scheduled Maturity Date in accordance with Credit Linked Condition 9(d). As soon as reasonably practicable after receiving an Extension Notice from the Calculation Agent, the Issuer shall promptly inform the Fiscal Agent and the Noteholders in accordance with Base Condition 12 (*Notices*).

2. REDEMPTION UPON THE OCCURRENCE OF A CREDIT EVENT

- a) If a Credit Event occurs during the Credit Observation Period and the Conditions to Settlement are satisfied, the Issuer shall redeem each Note in whole or, if the Notes are Linear Basket Credit Linked Notes, in part as follows:
 - i) if (A) “Cash Settlement” is specified as the Settlement Basis in the applicable Final Terms or (B) “Cash or Physical Settlement” or “Cash or Physical Settlement or Auction Settlement” is specified as the Settlement Basis in the applicable Final Terms and Cash Settlement is elected by the Issuer in the Issuer Credit Event Notice (as defined below) or (C) “Cash Settlement” is specified as the Fallback Settlement Basis and the provisions of Credit Linked Condition 6 (Auction Settlement) requires that the Issuer redeem the Credit Linked Notes in accordance with Credit Linked Condition 4 (*Cash Settlement*), by payment on the Cash Settlement Date of the Cash Settlement Amount;

- ii) if (A) “Physical Settlement” is specified as the Settlement Basis in the applicable Final Terms or (B) “Cash or Physical Settlement” or “Cash or Physical Settlement or Auction Settlement” is specified as the Settlement Basis in the applicable Final Terms and Physical Settlement is elected by the Issuer in the Issuer Credit Event Notice or (C) “Physical Settlement” is specified as the Fallback Settlement Basis and the provisions of Credit Linked Condition 6 (*Auction Settlement*) requires that the Issuer redeem the Credit Linked Notes in accordance with Credit Linked Condition 5 (*Physical Settlement*), by Delivery of the Relevant Proportion of the Deliverable Obligation by the Physical Settlement Date;
- iii) if “Auction Settlement” is specified as the Settlement Basis in the applicable Final Terms, by payment on the Auction Cash Settlement Date of the Auction Cash Settlement Amount;
- iv) if “Cash or Physical Settlement” is specified as the Settlement Basis in the applicable Final Terms, as set out in sub-paragraph (i) or (ii) above at the option of the Issuer in its sole and absolute discretion and notified to Noteholders in the relevant Issuer Credit Event Notice;
- v) if “Cash or Physical Settlement or Auction Settlement” is specified as the Settlement Basis in the applicable Final Terms, as set out in sub-paragraph (i), (ii) or (iii) above at the option of the Issuer in its sole and absolute discretion and notified to Noteholders in the relevant Issuer Credit Event Notice,

Upon discharge by the Issuer of such payment or delivery obligation on the Cash Settlement Date or the Auction Cash Settlement Date (or, if the Cash Settlement Amount or the Auction Cash Settlement Amount is zero, upon the occurrence of the Cash Settlement Date or the Auction Cash Settlement Date) or by the Physical Settlement Date, as the case may be, or otherwise as provided herein, the Issuer’s obligations in respect of the Notes shall be discharged to the extent provided in these Credit Linked Conditions.

- b) If a Credit Event occurs during the Credit Observation Period and the Conditions to Settlement are not satisfied, the Issuer may elect to redeem each of the Notes in an amount equal to its Final Redemption Amount on either (i) the date which is three Business Days following the Conditions to Settlement End Date (the “**Final Payment Date**”) or subject as provided in this Credit Linked Condition 2 in the event that the Conditions to Settlement are satisfied with respect to such Credit Event or any other Credit Event which may occur during the Credit Observation Period (ii) if the Scheduled Maturity Date is later than the Final Payment Date, on the Scheduled Maturity Date (in which case interest (if applicable) shall continue to accrue from the date on which interest ceased to accrue in accordance with Credit Linked Condition 9, any such accrued but unpaid interest being payable on the Interest Payment Date next following the Final Payment Date and to be paid in accordance with the Base Conditions) and the Issuer shall, as soon as reasonably practicable give notice of such election to the Fiscal Agent and the Noteholders in accordance with Base Condition 12 (*Notices*).
- c) If the applicable Final Terms or Issuer Credit Event Notice specifies that Cash Settlement shall apply then the provisions of Credit Linked Condition 4 (*Cash Settlement*) shall apply, if

Physical Settlement is so specified then the provisions of Credit Linked Condition 5 (*Physical Settlement*) shall apply and if Auction Settlement is so specified then the provisions of Credit Linked Condition 6 (*Auction Settlement*) shall apply.

3. NOTICES

- a) In accordance with these Credit Linked Conditions, the entity specified as the relevant Notifying Person specified in the Final Terms may deliver a Credit Event Notice and (if applicable) a Notice of Publicly Available Information at any time on or prior to the Conditions to Settlement End Date and the Issuer shall, as soon as reasonably practicable after receipt of a Credit Event Notice (or having sent a Credit Event Notice, as applicable), give notice (the “**Issuer Credit Event Notice**”) to the Fiscal Agent and the Noteholders in accordance with Base Condition 12 (*Notices*) that a Credit Event Notice has been delivered with respect to the Credit Linked Notes and shall in such notice, if “Cash or Physical Settlement” or “Cash or Physical Settlement or Auction Settlement” is specified as the Settlement Basis in the applicable Final Terms, specify whether it elects to redeem the Notes by Cash Settlement, Physical Settlement or Auction Settlement (in case of “Cash or Physical Settlement or Auction Settlement”) (and the applicable Fallback Settlement Basis) or by Cash Settlement or Physical Settlement (in case of “Cash or Physical Settlement”).
- b) Where the Notes are Nth-to-Default Credit Linked Notes, the Calculation Agent may give a Credit Event Notice and (if applicable) a Notice of Publicly Available Information in respect of a Credit Event having occurred in relation to any of the Reference Entities (whether or not such Credit Event is the first to occur). If a Credit Event occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall in its sole discretion select which Reference Entity shall be deemed to be subject to the Credit Linked Conditions, if any.
- c) In the case of a Credit Linked Note where “Physical Settlement” is specified as the Settlement Basis, the relevant Final Terms will provide that a Notice of Physical Settlement must be delivered by the Issuer to the Fiscal Agent and the Noteholders in accordance with Base Condition 12 (*Notices*) prior to the relevant date set out in the Notice of Physical Settlement Condition to Settlement (the “**Physical Determination Date**”). For purposes of determining whether such Notice of Physical Settlement has been so delivered by the Physical Determination Date, the effective date of delivery of the initial Notice of Physical Settlement (whether or not the relevant Notice of Physical Settlement is subsequently changed in accordance with Credit Linked Condition 5(a)) shall be used.
- d) Where Restructuring is specified in the relevant Final Terms as being an applicable Credit Event, there may be more than one Credit Event Determination Date in respect of the same Reference Entity as further described in Credit Linked Condition 11 (*Restructuring Credit Event*) below. In addition, in the case of a Basket Credit Linked Note, there may be multiple Credit Event Determination Dates but, other than as set out in the preceding sentence, only one Credit Event Determination Date in respect of each Reference Entity. In the case of a Basket Credit Linked Note, a Credit Event Determination Date in respect of more than one Reference Entity may occur on any one date. The provisions set out in these Credit Linked Conditions set out the mechanics that apply in respect of one Reference Entity and shall apply severally to each Reference Entity for a Basket Credit Linked Note.

- e) Where Repudiation/Moratorium and/or Failure to Pay is specified in the relevant Final Terms as being an applicable Credit Event, the Calculation Agent may give an Extension Notice in respect of a Potential Repudiation/Moratorium and/or Failure to Pay.
- f) Any Credit Event Notice, Notice of Publicly Available Information, Notice of Physical Settlement or Extension Notice, as the case may be, delivered on or prior to 5:00 p.m. (Milan time) on a Business Day is effective on such date and if delivered after such time or on a day that is not a Business Day, is deemed effective on the next following Business Day.

4. CASH SETTLEMENT

- a) Subject to Credit Linked Condition 7 (*Suspension Terms*) and Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*), if (i) “Cash Settlement” is specified as the Settlement Basis in the applicable Final Terms or (ii) “Cash or Physical Settlement” or “Cash or Physical Settlement or Auction Settlement” is specified as the Settlement Basis in the applicable Final Terms and (Cash Settlement is elected by the Issuer in the Issuer Credit Event Notice) or (iii) “Cash Settlement” is specified as the Fallback Settlement Basis and the provisions of Credit Linked Condition 6 (*Auction Settlement*) requires that the Issuer redeem the Credit Linked Notes in accordance with this Credit Linked Condition 4 (*Cash Settlement*), on the Cash Settlement Date the Issuer shall, subject as aforesaid, redeem, in the case of Notes that are not Linear Basket Credit Linked Notes, each Note in whole or, in the case of Notes that are Linear Basket Credit Linked Notes, a portion of the principal amount of each Note equal to the Applicable Redemption Proportion, by payment of the Cash Settlement Amount.
- b) The Cash Settlement Amount in respect of each Note shall be the amount specified as such in the applicable Final Terms (which may be a *pro rata* share of the Recovery Amount) or, if no such amount is specified, an amount determined by the Calculation Agent to be the greater of (a) zero and (b) an amount equal to (i) the Applicable Redemption Proportion multiplied by (ii) the outstanding principal amount of such Note multiplied by (iii) the Final Price of the Reference Obligation(s), provided that if the applicable Final Terms specify that “Hedge Unwind Adjustment” shall apply, then the Cash Settlement Amount or Recovery Amount, as the case may be, shall be adjusted upwards or downwards to reflect the *pro rata* Hedge Unwind Costs. Payment by the Issuer of the Cash Settlement Amount shall fully and effectively discharge the Issuer’s obligation to redeem the Applicable Redemption Proportion of the relevant Note.
- c) If the Cash Settlement Amount is to be determined by reference to the Final Price of the Reference Obligation(s), such Final Price shall be determined in accordance with the Valuation Method specified in the applicable Final Terms, or, if no such Valuation Method is specified, the Final Price shall be determined (i) with respect to one Reference Obligation and one Valuation Date, in accordance with the “Market” Valuation Method; (ii) with respect to one Reference Obligation and more than one Valuation Date, in accordance with the “Average Market” Valuation Method; (iii) with respect to more than one Reference Obligation and one Valuation Date, in accordance with the “Blended Market” Valuation Method; or (iv) with respect to more than one Reference Obligation and more than one Valuation Date, in accordance with the “Average Blended Market” Valuation Method.

- d) Unless otherwise specified in the relevant Final Terms, the Calculation Agent may select in its sole discretion, in respect of each Defaulted Credit any Valuation Date falling on or after the Credit Event Determination Date and on or before the one hundred and twenty-fifth (125th) Business Day following the Credit Event Determination Date relating to such Defaulted Credit. The Calculation Agent will select as a Valuation Date a day falling on or before the seventy-second (72nd) Business Day following the Credit Event Determination Date unless it determines in good faith that material problems exist in the market place in delivering obligations of the relevant Reference Entity under credit default swap contracts, in which case it may select a Valuation Date falling after the seventy-second (72nd) Business Day, but not later than the one hundred and twenty-fifth (125th) Business Day, after such date.

5. PHYSICAL SETTLEMENT

- a) Subject to Credit Linked Condition 7 (*Suspension Terms*) and Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*), if (i) “Physical Settlement” is specified as the Settlement Basis in the applicable Final Terms or (ii) “Cash or Physical Settlement” or “Cash or Physical Settlement or Auction Settlement” is specified as the Settlement Basis in the applicable Final Terms (and Physical Settlement is elected by the Issuer in the Issuer Credit Event Notice) or (iii) “Physical Settlement” is specified as the Fallback Settlement Basis and the provisions of Credit Linked Condition 6 (*Auction Settlement*) requires that the Issuer redeem the Credit Linked Notes in accordance with this Credit Linked Condition 5 (*Physical Settlement*), the Issuer shall, on or before the Physical Determination Date, deliver to the Fiscal Agent and the Noteholders in accordance with Base Condition 12 (*Notices*) a Notice of Physical Settlement. The Issuer may serve subsequent Notices of Physical Settlement to change one or more of the Deliverable Obligations and/or the detailed description of the Deliverable Obligations at any time on or prior to the Physical Settlement Date and the last Notice of Physical Settlement served within this period shall override all previous such notices. The Issuer may correct any errors or inconsistencies in the detailed description of the Deliverable Obligations by notice to the Fiscal Agent and the Noteholders at any time prior to the Delivery Date. Unless otherwise specified in the applicable Final Terms, the amount of the Deliverable Obligation(s) in respect of the Notes shall be determined as follows:
- i) where the Deliverable Obligation(s) constitute Borrowed Money, the Deliverable Obligations (selected by the Issuer in its sole and absolute discretion and notified to Noteholders in the relevant Notice of Physical Settlement) shall have an aggregate outstanding principal balance (including accrued but unpaid interest (as determined by the Calculation Agent if “Include Accrued Interest” is specified in the applicable Final Terms, but excluding accrued but unpaid interest if “Exclude Accrued Interest” is specified in the applicable Final Terms, and if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the applicable Final Terms, excluding accrued but unpaid interest) equal to:
- (A) if the Notes are not Linear Basket Credit Linked Notes, the Aggregate Nominal Amount of the Notes outstanding as at the related Event Determination Date; or

- (B) if the Notes are Linear Basket Credit Linked Notes, the Related Nominal Amount of the relevant Reference Entity to which the Credit Event relates; or
 - ii) where the Deliverable Obligation(s) are not Borrowed Money, the Deliverable Obligations (selected by the Issuer in its sole and absolute discretion and notified to Noteholders in the relevant Notice of Physical Settlement) shall have a Due and Payable Amount (or the equivalent Currency Amount of any such amount), equal to:
 - (A) if the Notes are not Linear Basket Credit Linked Notes, the Aggregate Nominal Amount of the Notes outstanding as at the related Event Determination Date; or
 - (B) if the Notes are Linear Basket Credit Linked Notes, the Related Nominal Amount of the relevant Reference Entity to which the Credit Event relates.
- b) On or prior to the Physical Settlement Date the Issuer shall, subject to Credit Linked Condition 5(c) and Credit Linked Condition 7 (*Suspension Terms*), redeem, in the case of Notes that are not Linear Basket Notes, each Note in whole or, in the case of the Notes that are Linear Basket Credit Linked Notes, a portion of the principal amount of each Note equal to the Applicable Redemption Proportion, by Delivering to each Noteholder the Relevant Proportion of the Deliverable Obligation(s). In the event that the Issuer, for any reason whatsoever, is unable to effect delivery of the Relevant Proportion of the Deliverable Obligation(s) to any Noteholder by the Physical Settlement Date, the Issuer may continue to attempt such Delivery for an additional sixty (60) Business Days after the Physical Settlement Date. Subject to Credit Linked Condition 5(f), failure by the Issuer to Deliver to a Noteholder the Relevant Proportion of the Deliverable Obligation(s) on or prior to the date that is sixty (60) Business Days after the Physical Settlement Date shall not constitute an Event of Default under the Base Conditions. Delivery of the Relevant Proportion of the Deliverable Obligation(s) by the Issuer pursuant to this Credit Linked Condition 5 (and/or payment of any amounts in connection therewith pursuant to Credit Linked Condition 5(f) and/or 5(i)) shall fully and effectively discharge the Issuer's obligation to redeem the Applicable Redemption Proportion of the relevant Note.
- c) In order to obtain Delivery of the Relevant Proportion of the Deliverable Obligation(s), each Noteholder must deliver to the Issuer or the Paying Agent within five Business Days of the date of delivery of the initial Notice of Physical Settlement (or any subsequent Notice of Physical Settlement, as the case may be) (each such date, a "**Physical Settlement Cut-Off Date**") (i) a duly completed Asset Transfer Notice in accordance with Credit Linked Condition 5(h), the form of which may be obtained from the specified office of the Issuer or the Paying Agent and (ii) in the case of a holding of a Definitive Note, the Note (which expression shall, for the purposes of this Credit Linked Condition 5(c), include Certificate(s), Receipt(s) and, if applicable, all unmatured Coupons and unmatured and unexchanged Talons). In the event that the Note is represented by a Global Note, an Asset Transfer Notice must be delivered to the Issuer via the relevant clearing system, by such method of delivery as the relevant clearing system shall have approved or such other method as may be specified in the relevant Final Terms.

- d) After delivery of a valid Asset Transfer Notice, no transfers of the Notes specified therein which are represented by a Global Note may be effected by any relevant clearing system.
- e) Upon receipt of a duly completed Asset Transfer Notice and, in the case of Definitive Notes, the Note to which such notice relates, the Issuer, any relevant clearing system or the Paying Agent, as the case may be, shall verify that the person specified therein as the accountholder, is the Holder of the Note referred to therein according to its books.

Subject as provided herein, in relation to each Note, the Relevant Proportion of the Deliverable Obligation(s) will be Delivered to the relevant Noteholder at the risk of such Noteholder.

If the Asset Transfer Notice (and with respect to Definitive Notes, the relevant Note) are delivered to the Issuer or the Paying Agent (as the case may be) later than 5:00 p.m. close of business in Milan on the relevant Physical Settlement Cut-Off Date, then the Relevant Proportion of the Deliverable Obligation(s) will be Delivered as soon as practicable after the date on which Delivery of the same would otherwise be made, at the risk of such Noteholder in the manner provided above. For the avoidance of doubt, such Noteholder shall not be entitled to any payment or to other assets, whether in respect of interest or otherwise, in the event of the Delivery of the Relevant Proportion of the Deliverable Obligation(s) taking place after the date on which Delivery of the same would otherwise be made pursuant to the provisions of this Credit Linked Condition 5(e) or otherwise due to circumstances beyond the control of the Issuer.

If the relevant Noteholder fails to deliver an Asset Transfer Notice in the manner set out herein or delivers an Asset Transfer Notice on any day falling after the day that is one hundred and eighty (180) calendar days after the Physical Settlement Cut-Off Date or, in the case of Definitive Notes, fails to deliver the Note related thereto or fails to pay the Delivery Expenses and, if applicable, the Hedge Unwind Costs as referred to in Credit Linked Condition 5(j), the Issuer shall be discharged from its obligations in respect of such Note and shall have no further obligation or liability whatsoever in respect thereof.

- f)
 - i) If due to an event beyond the control of the Issuer it is impossible, impracticable or illegal for the Issuer to Deliver, or due to an event beyond the control of any Noteholder or its designated nominee, it is impossible, impracticable or illegal for such Noteholder or its designated nominee to accept Delivery of all, or a portion of, the Relevant Proportion of the Deliverable Obligation(s) by the Physical Settlement Date (including, without limitation, failure of the relevant clearing system or due to any law, regulation or court order, but not including market conditions or failure to obtain any requisite consent with respect to the Delivery of Loans) then by such date the Issuer or the Noteholder, as applicable, shall provide a description in reasonable detail of the facts giving rise to such impossibility, impracticability or illegality and the Issuer shall Deliver and such Noteholder or its designated nominee shall take Delivery of that portion (if any) of the Relevant Proportion of the Deliverable Obligation(s) for which it is possible, practicable and legal to take Delivery. As soon as possible thereafter, the Issuer shall Deliver and such Noteholder, its originally

designated nominee or any new designated nominee shall take Delivery of the remaining portion of the Relevant Proportion of the Deliverable Obligation(s).

- ii) If:
- (A) following the occurrence of any impossibility, impracticability or illegality referred to in sub-paragraph (i) above, all of the Relevant Proportion of the Deliverable Obligation(s) is not Delivered on or prior to the Latest Permissible Physical Settlement Date (such part of the Relevant Proportion of the Deliverable Obligation(s) that are not Delivered being “**Undeliverable Obligations**”); or
 - (B) all or a portion of the Relevant Proportion of the Deliverable Obligation(s) includes Assignable Loans or Consent Required Loans that, due to the non-receipt of any requisite consents, are not, by the Physical Settlement Date, capable of being assigned or novated to any relevant Noteholder or its nominee and such consents are not obtained or deemed to have been given by the Latest Permissible Physical Settlement Date (such loan obligations being “**Undeliverable Loan Obligations**”); or
 - (C) all or a portion of the Relevant Proportion of the Deliverable Obligation(s) includes Direct Loan Participations and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date (such participations being “**Undeliverable Participations**”),
- then Partial Cash Settlement pursuant to sub-paragraph (iii) below shall be deemed to apply with respect to that portion of the Deliverable Obligation(s) that cannot be Delivered for the reasons specified in (A) to (C) above.
- iii) On the Partial Cash Settlement Date, the Issuer shall pay to each relevant Noteholder, the Partial Cash Settlement Amount and upon discharge by the Issuer of such payment obligation on the Partial Cash Settlement Date, the Issuer’s obligations in respect of the relevant Note shall be discharged.
- g) If, in accordance with Credit Linked Condition 5(d), (e) and (f) above, the Relevant Proportion of the Deliverable Obligation(s) is Delivered later than the Physical Settlement Date, then until Delivery of the Relevant Proportion of the Deliverable Obligation(s) is made to the relevant Noteholder, the Issuer or any person holding such assets on behalf of the Issuer shall continue to be the legal owner of those assets. None of the Issuer and any such other person shall (i) be under any obligation to deliver or procure delivery to such Noteholder or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such assets, (ii) be under any obligation to exercise or procure the exercise of any or all rights (including voting rights) attaching or appertaining to such assets until the date of Delivery or (iii) be under any liability to such Noteholder or subsequent transferee for any loss, liability, damage, cost or expense that such Noteholder or subsequent transferee may sustain or suffer as a result, whether directly or indirectly, of that person not being the legal owner of such assets until the date of Delivery.

- h) An Asset Transfer Notice is, subject as provided below, irrevocable and must:
- i) specify the account details or name of the person to whom Delivery of the Relevant Proportion of the Deliverable Obligation(s) is to be made;
 - ii) specify the nominal amount of Notes or, in the case of Notes that are Linear Basket Credit Linked Notes, the Applicable Redemption Proportion of such Notes, and the number of Notes which are the subject of such notice;
 - iii) in the event such Notes are represented by a Global Note:
 - (A) specify the number of the Noteholder's account at the relevant clearing system to be debited with such Notes; and
 - (B) irrevocably instruct and authorise the relevant clearing system to debit the relevant Noteholder's account with such Notes or, in the case of Notes that are Linear Basket Credit Linked Notes, the Applicable Redemption Proportion of such Notes, on the due date for redemption of the Notes;
 - iv) authorise the production of such notice in any applicable administrative or legal proceedings; and
 - v) unless otherwise specified in the applicable Final Terms, specify the manner in which Delivery Expenses and Hedge Unwind Costs, if applicable, will be borne by the Noteholders in accordance with Credit Linked Condition 5(j).

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant clearing system or a Paying Agent, as the case may be, as provided above, save where subsequent to such receipt, the Issuer delivers an amended Notice of Physical Settlement, in which case, the relevant Noteholder may deliver an amended Asset Transfer Notice. After delivery of the first Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

Failure properly to complete and deliver an Asset Transfer Notice and, in the case of Definitive Notes, to deliver the relevant Note, may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Credit Linked Conditions shall be made by the Issuer, Paying Agent and/or relevant clearing system, as applicable, in its sole and absolute discretion and shall be conclusive and binding on the relevant Noteholder.

If any Noteholder fails to properly complete and deliver an Asset Transfer Notice, the Issuer may in its sole discretion, decide whether to waive the requirement to deliver a properly completed Asset Transfer Notice prior to the relevant Physical Settlement Cut-Off Date for physical delivery in order for such Noteholder to receive the Relevant Proportion of the Deliverable Obligation(s), and shall give notice of such waiver to the relevant clearing system and to the Paying Agent, and other Agent, as applicable.

- i) If the Relevant Proportion of the Deliverable Obligation(s) comprises less than a multiple of a whole number of the Deliverable Obligation(s) at the relevant time, then (i) the Issuer shall not Deliver and the relevant Noteholder shall not be entitled to receive in respect of its Notes that fraction of an asset which is less than a whole number (the “**Fractional Entitlement**”) and (ii) the Issuer shall pay to the relevant Noteholder a cash amount (to be paid at the same time as Delivery of the Relevant Proportion of the Deliverable Obligation(s)) equal to the market value (as determined by the Calculation Agent in its sole and absolute discretion) of such Fractional Entitlement.
- j) The costs and expenses including any stamp, registration documentation or similar tax and any transfer or similar fee (the “**Delivery Expenses**”) of effecting any Delivery of the Relevant Proportion of the Deliverable Obligation(s) and, if the applicable Final Terms specify that “Hedge Unwind Adjustment” shall apply, a *pro rata* share of the Hedge Unwind Costs, shall, in the absence of any provision to the contrary in the applicable Final Terms, be borne by the Noteholder and shall, unless otherwise specified in the applicable Final Terms, at the option of each Noteholder as specified in the Asset Transfer Notice either be:
 - i) paid to the Issuer by such Noteholder prior to the Delivery of the Relevant Proportion of the Deliverable Obligation(s) (and, for the avoidance of doubt, the Issuer shall not be required to Deliver any portion of the Deliverable Obligation(s) to such Noteholder until it has received such payment); or
 - ii) deducted by the Issuer from the amount which may be payable to such Noteholder in accordance with Credit Linked Condition 5(i).

If there is not a cash amount owing from the Issuer under such Note to a Noteholder sufficient to cover the Delivery Expenses and, if applicable, its *pro rata* share of the Hedge Unwind Costs, the Issuer may convert such amount of the Relevant Proportion of the Deliverable Obligation(s) into cash sufficient to cover the Delivery Expenses and, if applicable, a *pro rata* share of the Hedge Unwind Costs, in respect of such Note from which the Issuer shall deduct such amounts. Each Note will then be redeemed by delivery of the remaining portion of the Deliverable Obligation(s) in respect of such Note and, if applicable, payment of a cash amount in respect of any Fractional Entitlement arising, together with any other amounts to which such Noteholder is entitled upon redemption of such Note.

- k) The Issuer shall not be under any obligation to register or procure the registration of any Noteholder or any other person as the registered holder of any of the Deliverable Obligation(s) to be delivered in the register of members or holders of debt securities of any company whose securities form part of the Deliverable Obligation(s). The Issuer shall not be obliged to account to any Noteholder for any entitlement received or receivable in respect of any of the Deliverable Obligation(s) to be delivered if the date on which such are first traded without such entitlement is on or prior to the date of Delivery. The Issuer shall determine, in its sole and absolute discretion, the date on which such assets are so first traded without any such entitlement.

6. AUCTION SETTLEMENT

- a) Subject to Credit Linked Condition 7 (*Suspension Terms*) and Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*), if (i) “Auction Settlement”

is specified as the Settlement Basis in the applicable Final Terms or (ii) “Cash or Physical Settlement or Auction Settlement” is specified as the Settlement Basis in the applicable Final Terms (and Auction Settlement is elected by the Issuer in the Issuer Credit Event Notice), on the Auction Cash Settlement Date the Issuer shall, subject as aforesaid, redeem, in the case of Notes that are not Linear Basket Notes, each Note in whole or, in the case of the Notes that are Linear Basket Credit Linked Notes, a portion of the principal amount of each Note equal to the Applicable Redemption Proportion, by payment of the Auction Cash Settlement Amount.

- b) The Auction Cash Settlement Amount in respect of each Note shall be the amount specified as such in the applicable Final Terms or, if no such amount is specified, an amount determined by the Calculation Agent to be the greater of (a) zero and (b) an amount equal to (i) the Applicable Redemption Proportion multiplied by (ii) the outstanding principal amount of such Note multiplied (iii) by the Auction Final Price, provided that if the applicable Final Terms specify that “Hedge Unwind Adjustment” shall apply, then the Auction Cash Settlement Amount shall be adjusted upwards or downwards to reflect the pro rata Hedge Unwind Costs. Payment by the Issuer of the Auction Cash Settlement Amount shall fully and effectively discharge the Issuer’s obligation to redeem the Applicable Proportion of the relevant Note.
- c) Without prejudice to the foregoing, but without duplication of settlement, if the Calculation Agent determines:
- i) except where the Issuer delivers a Notice to Exercise Movement Option to the Calculation Agent on or prior to the Movement Option Cut-off Date, that with respect to a Credit Event, no Applicable Auction is being, or will be, held; or
 - ii) with respect to a Credit Event and any relevant Applicable Request, Applicable Resolution and/or Applicable Auction, that (A) an Auction Cancellation Date has occurred, (B) a No Auction Announcement Date has occurred (and, in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option), (C) ISDA has publicly announced that a relevant Credit Derivatives Determinations Committee has Resolved, following a relevant Credit Event Resolution Request Date, not to determine the matters described in the definitions of Credit Event Resolution Request Date, (D) a Credit Event Determination Date was determined pursuant to sub-paragraph (a) of the definition of Credit Event Determination Date and no relevant Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date, or (E) a Credit Event Determination Date was determined pursuant to sub-paragraph (b)(ii)(B) of the definition of Credit Event Determination Date,

then the Issuer shall, subject to the occurrence of a Credit Event on any day during the Credit Observation Period and satisfaction of the Conditions to Settlement on or prior to the Conditions to Settlement End Date, notwithstanding that Auction Settlement is specified as applicable in the relevant Final Terms, redeem each Note in accordance with Credit Linked Condition 4 (if Cash Settlement is specified in the relevant Final

Terms as the Fallback Settlement Basis) or in accordance with Credit Linked Condition 5 (if Physical Settlement is specified in the relevant Final Terms as the Fallback Settlement Basis).

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

7. **SUSPENSION TERMS**

If, following the determination of a Credit Event Determination Date in accordance with subparagraph (a) of the definition of Credit Event Determination Date but prior to the relevant Final Payment Date, Cash Settlement Date, Physical Settlement Date, a Delivery Date or, to the extent applicable, a Valuation Date, as applicable, the Issuer determines that a Suspension Event has occurred, the timing requirements relating to Notices of Physical Settlement and the timing requirements of Credit Linked Conditions 1 to 5 (inclusive), as applicable, or any other provision of these Credit Linked Conditions and the Notes that pertains to redemption and settlement, shall toll and remain suspended until the Suspension Event Cessation Date. During such suspension period, the Issuer is not obliged to take any action in connection with the redemption and settlement of the Notes. The relevant timing requirements and redemption and settlement provisions, as applicable, that have previously tolled or been suspended shall resume on the Business Day following the relevant Suspension Event Cessation Date with the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Credit Linked Condition 7. Without prejudice to any amounts payable pursuant to Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*), no additional amounts shall be payable by the Issuer in connection with any such suspension.

8. REVERSALS AND ADJUSTMENTS TO CREDIT EVENT DETERMINATION DATES

- a) Notwithstanding anything to the contrary in these Credit Linked Conditions, no Credit Event Determination Date will occur, and any Credit Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that the Calculation Agent determines that, prior to the relevant Auction Final Price Determination Date in respect of an Applicable Auction, a related Valuation Date, any relevant Physical Settlement Date (or, if earlier a Delivery Date), or any other relevant date relating to the redemption of the Notes, as applicable, an Applicable DC No Credit Event Announcement occurs with respect to the relevant Reference Entity or Obligation thereof.
- b) If, following the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of a Reference Entity, the related Credit Event Determination Date is deemed to have occurred on a date that is earlier than the date originally determined to be the Credit Event Determination Date for the purposes of the Note as a result of the application of the definition of Credit Event Determination Date and/or any Applicable Request or Applicable Resolution then:
- i) if the Notes are redeemed pursuant to Credit Linked Condition 4 (*Cash Settlement*) or Credit Linked Condition 6 (*Auction Settlement*), an amount equal to the relevant Adjustment Amount (if any) shall be deducted to the fullest extent possible from the relevant Cash Settlement Amount or Auction Cash Settlement Amount, as applicable; or
 - ii) if the Notes are redeemed pursuant to Credit Linked Condition 5 (*Physical Settlement*), the Adjustment Amount (if any) shall be deemed to be a Delivery Expense for the purposes of Credit Linked Condition 5(j).
- c) Without prejudice to Credit Linked Condition 6(c), if an Applicable DC No Credit Event Announcement occurs following the determination of a Credit Event Determination Date but prior to the related Auction Final Price Determination Date in respect of an Applicable Auction, a related Valuation Date, any related Physical Settlement Date (or, Delivery Date if earlier), or any other relevant date relating to the redemption of the Notes, as applicable, then the Credit Event Determination Date originally determined for the purposes of the Notes shall be deemed not to have occurred (an “**Credit Event Determination Date Reversal**”). The occurrence of a Credit Event Determination Date Reversal shall not prejudice the occurrence or determination of any subsequent Credit Event Determination Date(s) in relation to the relevant Reference Entity (if applicable). Notwithstanding Credit Linked Condition 9, if a Credit Event Determination Date Reversal occurs, each Note shall recommence to accrue interest (in accordance with the Base Conditions) from the Interest Payment Date (the “**Interest Commencement Date**”) immediately following the relevant Applicable DC No Credit Event Announcement, and an amount equal to the Additional Interest Amount shall be payable on such Interest Commencement Date.

9. INTEREST PAYMENT DATE AND MATURITY DATE POSTPONEMENT

- a) If Interest Payment Date Postponement is specified as being applicable in the Final Terms and in respect of any Interest Payment Date (including the Scheduled Maturity Date):

- i) a Credit Event Determination Date has occurred on or prior to the relevant Interest Payment Cut-off Date, interest shall cease to accrue on (but excluding) the date of such occurrence, such accrued interest being payable on the Cash Settlement Date, Physical Settlement Date or Auction Cash Settlement Date, as the case may be (and no amount of interest otherwise payable on the relevant Interest Payment Date shall be due or payable), provided that in the event that the Notes are Linear Basket Credit Linked Notes, interest shall cease to accrue only on the relevant Applicable Proportion of the Specified Denomination of each Note; and
- ii) an Uncured Default exists on the relevant Interest Payment Cut-off Date, the interest payment payable on the relevant Interest Payment Date shall be suspended and either (as applicable):
 - (x) if, after the relevant Interest Payment Cut-off Date, a Default Correction Date occurs in respect of any such Uncured Default, (subject to paragraph (i) above) the suspended amount of interest which would have been payable on such Interest Payment Date in the absence of such Uncured Default shall be payable on the Deferred Interest Payment Date and no additional amount shall be due in respect of any such delay in payment; or
 - (y) if a Failure to Pay subsequently occurs on or prior to the Extension Date, interest shall be deemed to have ceased to accrue on (but excluding) the date of such occurrence, such accrued interest being payable on the Cash Settlement Date, Physical Settlement Date or Auction Cash Settlement Date, as the case may be (and no amount of interest which would otherwise have been payable in the absence of such Uncured Default shall be due or payable), provided that in the event that the Notes are Linear Basket Credit Linked Notes, interest shall be suspended or deemed to cease to accrue only on the relevant Applicable Proportion of the Specified Denomination of each Note.
- b) If, an Applicable Request in respect of a Credit Event is made on or prior to any Interest Payment Cut-off Date or the Scheduled Maturity Date in respect of which an Applicable Resolution has not been published, the payment of interest (if any) scheduled to be paid to Noteholders on the relevant Interest Payment Date (including the Scheduled Maturity Date), will be suspended, provided that in the event that the Notes are Linear Basket Credit Linked Notes, interest shall be suspended only on the relevant Applicable Proportion of the Specified Denomination of each Note. If in connection with such Applicable Request either (i) an Applicable DC Credit Event Announcement is made but the Calculation Agent determines that the Credit Event Determination Date relating thereto is a date falling after such Interest Payment Date (including the Scheduled Maturity Date), or (ii) an Applicable DC No Credit Event Announcement is made, payment of the suspended interest will be made five Business Days after the date in respect of which the Credit Event Determination Date is so determined or the date of Applicable DC No Credit Event Announcement, as applicable. If in connection with such Applicable Request, an Applicable DC Credit Event Announcement is made and the Calculation Agent determines that the Credit Event Determination Date relating thereto is a date falling on or prior to such Interest Payment Date or the Maturity Date, no payment of the suspended interest will be made.

- c) No additional amount in respect of interest and no adjustment shall be made to the amount of any interest in connection with the delay or postponement of any payment of interest pursuant to Credit Linked Conditions 9(a) and (b) above. The Issuer shall endeavour to give notice to the Noteholders in accordance with Base Condition 12 (*Notices*) as soon as reasonably practicable should any payment of interest be suspended and/or postponed pursuant to this Credit Linked Condition 9. Notwithstanding any other provisions, no interest shall accrue after the Scheduled Maturity Date.
- d) Unless otherwise specified in the applicable Final Terms, if, on or prior to the Scheduled Maturity Date, the Calculation Agent determines that:
- i) a Credit Event has occurred or may occur on or prior to the Scheduled Maturity Date;
 - ii) Repudiation/Moratorium is listed as a Credit Event in the applicable Final Terms and “Repudiation/Moratorium Scheduled Maturity Date Postponement” is stated as being applicable in the applicable Final Terms, a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Maturity Date; and/or
 - iii) Failure to Pay is listed as a Credit Event in the applicable Final Terms and a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Maturity Date; and/or
 - iv) an Applicable Request has been made on or prior to the Scheduled Maturity Date in respect of which an Applicable Resolution has not been published; and

in each case, the Conditions to Settlement in respect of the above have not been satisfied as at the Scheduled Maturity Date (each such event a “**Maturity Date Postponement Event**”), the Calculation Agent may deliver an Extension Notice to the Issuer (and the Issuer shall endeavour to give notice to the Noteholders in accordance with Base Condition 12 (*Notices*) as soon as reasonably practicable following receipt of such Extension Notice) and the Maturity Date shall be postponed to the Extended Maturity Date, subject to the provisions of Credit Linked Conditions 2 and 9(f).

- e) The payments of any accrued but unpaid interest scheduled to be paid on the Scheduled Maturity Date will not be paid and shall be postponed pursuant to the foregoing provided that in the event that the Notes are Linear Basket Credit Linked Notes, interest shall be postponed only on the relevant Applicable Proportion of the Specified Denomination of each Note. No adjustment shall be made to the amount of any interest as a result of any such delay as described in Credit Linked Condition 9(d) above.
- f) In the circumstances described in Credit Linked Condition 9(d) above, if a Credit Event occurs during the Credit Observation Period and the Conditions to Settlement are satisfied (subject to Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*)), each Note shall be redeemed pursuant to Credit Linked Conditions 4, 5 or 6, as applicable. If the Conditions to Settlement are not satisfied during the Credit Observation Period and no other relevant Maturity Date Postponement Event(s) are outstanding, each Note shall be redeemed at its Final Redemption Amount on the Final Payment Date.

- g) For the purposes of this Credit Linked Condition 9, a Maturity Date Postponement Event will be deemed to be outstanding on any date, if the relevant period in which the Conditions to Settlement may occur or in which a Credit Event Determination Date may be reversed has not expired.

10. **SUCCESSION EVENT**

- a) With respect to any Reference Entity (other than a Sovereign Reference Entity), the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the relevant Succession Event), and with effect from the legally effective date of the Succession Event, which entity or entities qualifies as a Successor provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in the definitions of “Successor”, in sub-paragraph (a) of the definition of “Succession Event Resolution Request Date” and subparagraph (b)(i) of the definition of “Succession Event Resolution Request Date”, are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event for purposes of the certain credit derivative transactions has occurred, and in each case the Calculation Agent determines that such resolution is an Applicable Resolution. In calculating the percentages used to determine whether the relevant thresholds set forth in the definition of “Successor” have been met, or which entity qualifies under subparagraph a)(vi) of such definition, the Calculation Agent shall use, with respect to each applicable Relevant Obligation included in such calculation, the amount of the liability with respect to such Relevant Obligation listed in the Best Available Information and shall notify the Issuer of such calculation. A copy of the notice of any determination of a Successor shall be given to Noteholders in accordance with Base Condition 12 (*Notices*).
- b) With respect to any Sovereign Reference Entity, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the date of the occurrence of the relevant Succession Event), and with effect from the date of the occurrence of the Succession Event, which Sovereign and/or entity or entities qualifies as a Successor provided that the Calculation Agent will not make such determination if, at such time, either (i) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraph (b) of the definition of “Successor” and sub-paragraphs (a) and (b)(ii) of the definition of “Succession Event Resolution Request Date” are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (ii) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred and the Calculation Agent determines that such Resolution is an Applicable Resolution. A copy of the notice of any determination of a Successor shall be given to Noteholders in accordance with Base Condition 12 (*Notices*).

- c) Where the Notes are Single Name Credit Linked Notes:
- i) Where a Succession Event has occurred and more than one Successor has been identified by the Calculation Agent, each such Successor will be deemed to be a Reference Entity for the purposes of the Notes, and to the extent applicable, the Calculation Agent shall apportion any outstanding principal amounts or any other relevant calculation amounts equally in relation to each Successor.
 - ii) Where a Credit Event occurs in respect of a Reference Entity after such a Succession Event, the provisions of the relevant Credit Linked Conditions shall be deemed to apply to the principal amount represented by that Reference Entity only (the “**Partial Principal Amount**”) and all such provisions shall be construed accordingly. Each Note shall thereafter be redeemed in part (such redeemed part being equal to the relevant proportion of the Partial Principal Amount).
 - iii) The Notes shall be deemed to be redeemed *pro rata* in an amount equal to the Partial Principal Amount only. The Notes in an amount equal to the outstanding principal amount of the Notes less the Partial Principal Amount shall remain outstanding (the “**Remaining Amount**”) and interest shall accrue on the Remaining Amount as provided for in the Base Conditions and the applicable Final Terms (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
 - iv) The provisions of these Credit Linked Conditions shall apply to any subsequent Credit Event Notices delivered in respect of any of the other Reference Entities that are identified as a result of the Succession Event.
- d) Where the Notes are Basket Credit Linked Notes:
- i) Where a Succession Event has occurred in respect of a Reference Entity and more than one Successor has been identified, each Successor will be the Reference Entity (each a “**Successor Reference Entity**”) for the purposes of the Notes, for the avoidance of doubt, such Reference Entity shall no longer be a Reference Entity.
 - ii) Following the occurrence of a Succession Event, upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities unaffected by a Succession Event, the Remaining Amount of the Notes will be redeemed in accordance with the provisions of these Credit Linked Conditions relating to Basket Credit Linked Notes.
 - iii) Where a Credit Event occurs in respect of a Successor Reference Entity, the provisions of these Credit Linked Conditions shall be deemed to apply to the Partial Principal Amount of the relevant Successor Reference Entity and all the provisions shall be construed accordingly. Each Note shall thereafter be redeemed in a proportion equal to the relevant proportion which the Partial Principal Amount forms of the aggregate outstanding principal amount of the Notes as of the Issue Date.
 - iv) Following a partial redemption of the Notes pursuant to sub-paragraph (iii) above, interest shall accrue on the remaining outstanding principal amount of the Notes equal to the aggregate outstanding principal amount immediately prior to the redemption as

provided for in these Credit Linked Conditions (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

- v) The provisions of these Credit Linked Conditions shall apply to any subsequent Credit Event Notices delivered in respect of any Reference Entities following the occurrence of a Succession Event. For the avoidance of doubt, the provisions of this Credit Linked Condition 7(b) shall apply to each Succession Event.
- e) Where the Notes are First-to-Default Credit Linked Notes, Nth-to-Default Credit Linked Notes or Linear Basket Credit Linked Notes:
- i) Where a Succession Event has occurred in respect of a Reference Entity (each such Reference Entity and any Reference Entity previously the subject of a Succession Event, a “**Succession Event Reference Entity**” and the Reference Entities unaffected by such Succession Event or any previous Succession Event, the “**Non-Succession Event Reference Entities**”) and more than one Successor has been identified by the Calculation Agent, each such Successor will be deemed to be a Reference Entity for the purposes of the Notes (each a “**Successor Entity**”) and, to the extent applicable, the Calculation Agent shall apportion any outstanding principal amounts or any other relevant calculation amounts equally in relation to each Successor Reference Entity.
 - ii) Following the occurrence of a Succession Event, satisfaction of the Conditions to Settlement following a Credit Event with respect to any of the Non-Succession Event Reference Entities will cause the Notes to be redeemed in full in accordance with the provisions of these Credit Linked Conditions; provided that, in the case of Nth-to-Default Credit Linked Notes, satisfaction of the Conditions to Settlement following a Credit Event with respect to any of the Non-Succession Event Reference Entities will only cause the Notes to be redeemed in full as aforesaid where such Non-Succession Event Reference Entity is the Nth Reference Entity with respect to which the Conditions to Settlement have been satisfied.
 - iii) Where a Credit Event occurs in respect of a Successor Reference Entity, the relevant provisions of these Credit Linked Conditions shall be deemed to apply to the Partial Principal Amount of the Notes represented by the relevant Successor Reference Entity only; provided that, in the case of Nth -to-Default Credit Linked Notes, that such Successor Reference Entity is the Nth Reference Entity with respect to which the Conditions to Settlement have been satisfied, and all the provisions shall be construed accordingly. Subject as aforesaid, the Notes shall thereafter be redeemed in a proportion equal to the relevant proportion which the Partial Principal Amount forms of the aggregate outstanding principal amount of the Notes as of the Issue Date.
 - iv) Subject as provided in Credit Linked Condition 9 (*Interest Date and Maturity Date Postponement*), following a partial redemption of the Notes pursuant to sub-paragraph (iii) above, interest shall accrue on the remaining outstanding principal amount of the Notes immediately following the partial redemption as provided for in the Base Conditions and these Credit Linked Conditions (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

- v) The provisions of these Credit Linked Conditions shall apply to any subsequent Credit Event Notices delivered in respect of any other Successor Reference Entities formed as a result of one or more Succession Events and/or any of the Non-Succession Event Reference Entities. For the avoidance of doubt, the provisions of this Credit Linked Condition 10(e)(v) shall apply to each Succession Event.
- f) Where the effect of the foregoing provisions would be to specify a Reference Entity more than once with respect to the Notes, that Reference Entity shall be deemed to be specified only once.
- g) Save as otherwise provided in the applicable Final Terms, where any Reference Entity (the “**Surviving Reference Entity**”) (other than a Reference Entity that is subject to a Succession Event) would be a Successor to any other Reference Entity (the “**Legacy Reference Entity**”) pursuant to a Succession Event through the application of the foregoing provisions, such Surviving Reference Entity shall be deemed a Successor to the Legacy Reference Entity.
- h) Save as otherwise provided in the applicable Final Terms, in the event that (x) the Issuer becomes a Successor to any Reference Entity as a result of the application of the foregoing provisions, (y) the Issuer and any Reference Entity become Affiliates or (z) the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all its assets to, a Reference Entity or the Issuer (as applicable), then the Issuer shall forthwith give notice of such circumstance to Noteholders in accordance with Base Condition 12 (*Notices*). In such event, the Issuer may, but shall not be obliged to, on giving not more than thirty (30) nor less than fifteen (15) days’ notice to Noteholders in accordance with Base Condition 12 (*Notices*) (the “**Seller Merger Notice**”), redeem all but not some of the Notes at the Early Redemption Amount specified in the Seller Merger Notice.
- i) The applicable Final Terms may be amended and restated at such time to reflect the effect of a Succession Event without the consent of the Noteholders and the Noteholders are deemed to agree to this provision by the purchase of the Notes.
- j) If one or more of the Successors to the Reference Entity have not assumed the Reference Obligation (if any) specified in the applicable Final Terms, the Calculation Agent may select a Substitute Reference Obligation in accordance with the definition of “Substitute Reference Obligation”.
- k) Any determinations under each of sub-paragraphs (a) to (g) above and any determinations under the Final Terms connected with or as a result of a Succession Event or otherwise shall be made by the Calculation Agent in its sole discretion and in good faith and, in the absence of manifest error, shall be conclusive and binding on all parties.

11. **RESTRUCTURING CREDIT EVENT**

- a) Where (i) Restructuring is specified in the applicable Final Terms as being an applicable Credit Event; (ii) either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms and (iii) a Restructuring Credit Event occurs, unless otherwise specified in such Final Terms, the Issuer may deliver multiple Credit Event Notices with respect to such Credit Event, each such Credit Event

Notice setting forth the amount of the aggregate outstanding principal amount of the Notes or, if the Notes are Linear Basket Credit Linked Notes, of the Related Nominal Amount in respect of the relevant Reference Entity, as applicable, to which such Credit Event Notice relates (the “**Exercise Amount**”). If the relevant Credit Event Notice does not specify an Exercise Amount, then the aggregate outstanding principal amount of the Notes outstanding immediately prior to the delivery of such Credit Event Notice or, if the Notes are Linear Basket Credit Linked Notes, the Related Nominal Amount in respect of the relevant Reference Entity immediately prior to the delivery of such Credit Event Notice, as applicable, will be deemed to have been specified as the Exercise Amount. Notwithstanding anything to the contrary in these Credit Linked Conditions, where a Restructuring Credit Event has occurred and the Issuer has delivered a Credit Event Notice for an amount that is less than the aggregate outstanding principal amount of the Notes immediately prior to the delivery of such Credit Event Notice, the provisions of these Credit Linked Conditions shall be deemed to apply to a principal amount equal to the Exercise Amount only and all the provisions shall be construed accordingly. Each such Note shall be redeemed in part (such redeemed part being equal to the relevant proportion of the Exercise Amount). The Exercise Amount shall be subject to any minimum Exercise Amount specified in the relevant Final Terms.

- b) The Notes shall be deemed to be redeemed *pro rata* in an amount equal to the Exercise Amount only. The Notes in an amount equal to the aggregate outstanding principal amount of the Notes (immediately prior to the redemption thereof) less the Exercise Amount shall remain outstanding (the “**Outstanding Amount**”) and interest shall accrue on the Outstanding Amount as provided for in the Base Conditions, these Credit Linked Conditions and the applicable Final Terms (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
- c) In respect of any subsequent Credit Event Notices delivered in respect of the Reference Entity that was the subject of the Credit Event Notice referred to above:
 - i) the Exercise Amount in connection with a Credit Event Notice describing a Credit Event other than a Restructuring Credit Event must be equal to the then outstanding principal amount of the Notes at such time (and not a portion thereof); and
 - ii) the Exercise Amount in connection with a Credit Event Notice describing a Restructuring Credit Event must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the Notes are denominated or any integral multiple thereof or the entire then outstanding principal amount of the Notes at such time.
- d) For the avoidance of doubt, in the case of a First-to-Default Credit Linked Note, once a Restructuring Credit Event has occurred in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the first occurring Restructuring Credit Event. In the case of an Nth-to-Default Credit Linked Note, if a Restructuring Credit Event has occurred in respect of the Nth Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Nth Reference Entity. In the case of a Linear Basket Credit Linked Note, the fact that a Restructuring Credit Event has occurred in respect of a Reference

Entity shall not preclude delivery of a Credit Event Notice in respect of any other Reference Entity.

- e) If “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” is specified in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement and may be included in the Deliverable Obligations only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.
- f) If “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement and may be included in the Deliverable Obligations 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.
- g) If the provisions of this Credit Linked Condition 11 apply in respect of the Notes, on redemption of part of each such Note, the relevant Note or, if the Notes are represented by a Global Note, such Global Note shall be endorsed to reflect such partial redemption.

12. THE CALCULATION AGENT

The Calculation Agent shall be responsible for making all relevant determinations as set out in these Credit Linked Conditions and as applicable in the relevant Final Terms.

The Calculation Agent shall, as soon as practicable after obtaining any Quotation (if applicable), notify the Noteholders in writing of each such Quotation that it receives in connection with the calculation of the Final Price and shall provide to the Noteholders a written computation showing its calculation of the Final Price.

Neither the Calculation Agent nor the Issuer shall have any responsibility to the Noteholders for good faith errors or omissions in the Calculation Agent's calculations and determinations as provided in the Base Conditions and in these Credit Linked Conditions, whether caused by negligence or otherwise.

When determining the existence or occurrence of any Potential Failure to Pay, Potential Repudiation/Moratorium or any Credit Event as specified in the relevant Final Terms, the Calculation Agent shall make such determination based on the occurrence of an event whether or not the occurrence of the relevant event arises directly or indirectly from or is subject to a defence based upon (a) any lack or alleged lack of authority or capacity of the relevant Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor or Insured Obligor, as the case may be, to enter into any Underlying Obligation or Insured Instrument, as the case may be, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation or Insured Instrument, as the case may be, however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of or any change in any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority.

13. MODIFICATIONS TO THE BASE CONDITIONS AND FINAL TERMS

- a) For the purposes of Credit Linked Notes:
- i) if Interest Period End Dates are specified in the applicable Final Terms, then, notwithstanding Base Condition 3(a) (*Definitions*) of the Base Conditions, “Fixed Interest Period” and “Interest Period” shall mean the period from (and including) an Interest Period End Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date. In such circumstances, interest shall accrue on the Notes at the Rate of Interest during the relevant Fixed Interest Period or Interest Period (as the case may be) and shall be payable on the Interest Payment Date or Specified Interest Payment Date (as the case may be) immediately following such Fixed Interest Period or Interest Period (as the case may be); and
 - ii) references to “Interest Payment Date” in the definition of “Day Count Fraction” in Base Condition 3 (*Interest and Other Calculations*) of the Base Conditions shall be construed as references to “Interest Period End Date” as defined in these Credit Linked Conditions.
- b) Where a Transaction Type is specified in the Final Terms in respect of any Reference Entity, then the provisions of these Terms shall apply with respect to such Reference Entity in accordance with the Physical Settlement Matrix as it applies to such Transaction Type, as though such Physical Settlement Matrix were set out in full in the Final Terms.

14. DEFINITIONS

For the purposes of these Credit Linked Conditions, the following words shall have the following meaning:

“**2005 Matrix Supplement**” means the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions as published by ISDA on 7 March 2005 in effect on the Issue Date.

“**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.

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

“**Additional Interest Amount**” means an amount in the Relevant Currency determined by the Calculation Agent in respect of each Note equal to the sum of:

- a) each amount of interest that would have been payable in respect of each Note, but for the operation of Credit Linked Condition 9 (*Interest Payment Date and Maturity Date Postponement*) and the original determination of the Credit Event Determination Date, on each Interest Payment Date falling after the date originally determined to be the Credit Event Determination Date, to and including the Interest Recommencement Date; and
- b) interest accrued on each such amount on a daily basis at the applicable Overnight Rate as determined by the Calculation Agent for the period from, and including, the Interest Payment Date on which the relevant amount of interest that would have been paid but for the operation of Credit Linked Condition 9 (*Interest Payment Date and Maturity Date Postponement*) and the original determination of the Credit Event Determination Date to, but excluding, the Interest Recommencement Date. For the avoidance such interest will be compounded on a daily basis.

“**Adjustment Amount**” means an amount in the Relevant Currency determined by the Calculation Agent in respect of each Note equal to the sum of:

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

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

“**Alternative Settlement Notice**” shall have the meaning specified in Credit Linked Condition 4(e).

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

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

“Applicable DC Credit Event Announcement” means a DC Credit Event Announcement which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof to which such DC Credit Event Announcement relates and the terms of the Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes). An Applicable DC Credit Event Announcement will be deemed not to have occurred with respect to the Notes unless (i) the relevant Credit Event Resolution Request Date relating to the DC Credit Event Announcement and the relevant Credit Event was, in the determination of the Calculation Agent, an Applicable Request which occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Issue Date) and (ii) the Issue Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

“Applicable DC No Credit Event Announcement” means a DC No Credit Event Announcement which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof which are the subject of the DC No Credit Event Announcement and the Credit Events, Reference Entities and Obligations thereof under the Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

“Applicable Redemption Proportion” means in respect of a redemption of a Note and a Credit Event:

- a) if the Note is not a Linear Basket Credit Linked Note, 100 per cent.;
- b) if the Note is a Linear Basket Credit Linked Note, an amount (expressed as a percentage) equal to the Related Nominal Amount of the Reference Entity to which the Credit Event relates divided by the Aggregate Nominal Amount of the Notes outstanding as of the related Event Determination Date.

“Applicable Request” means a request that a Credit Derivatives Determinations Committee be convened to Resolve the matters described in the definition of Credit Event Resolution Request

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

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

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

“Asset Transfer Notice” means a notice that complies with Credit Linked Condition 5(h), issued by a Noteholder to the Issuer, in connection with a redemption of any Note wholly or in part by way of Physical Settlement.

“Assignable Loan” means a Loan that is capable of being assigned or novated to any third party or, 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.

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

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

“Auction Cash Settlement Amount” means, in respect of each Note, the amount determined in accordance with Credit Linked Condition 6 (*Auction Settlement*).

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

“Auction Final Price” means, with respect to an Applicable Auction, unless otherwise specified in the relevant Applicable Transaction Auction Settlement Terms, the price (expressed as a percentage) in respect of the deliverable obligations which would constitute Reference Obligation(s) and/or Deliverable Obligation(s) under the Notes determined to be the Auction Final Price in accordance with the relevant Applicable Transaction Auction Settlement Terms. The Calculation Agent shall as soon as practicable after publication of the Auction Final Price in respect of an Applicable Auction make available for inspection by Noteholders at the specified office of the Paying Agent a copy of the relevant Applicable Transaction Auction Settlement Terms and copies of the relevant publication of the Auction Final Price.

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

“Auction Settlement Date” means the date that is the number of Business Days specified in the relevant Applicable Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the relevant Auction Final Price Determination Date.

“Average Blended Highest” means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

“Average Blended Market” means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

“Average Highest” means, with respect to the Reference Obligation on each Valuation Date, the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to such Reference Obligation on each such date.

“Average Market” means, with respect to the Reference Obligation on each Valuation Date, the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to such Reference Obligation on each such date.

“Bankruptcy” means, with respect to a Reference Entity, such Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a 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 (i) 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 (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official

management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive); or (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“**Basket Credit Linked Note**” means Credit Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities.

“**Best Rate Currency**” means the best of the rates of exchange obtained by the Calculation Agent from three Dealers equal to the rate of conversion of the currency of the Deliverable Obligation into the Relevant Currency, provided that if none of the Dealers make a firm quote, then such rate of exchange shall be determined by the Calculation Agent.

“**Blended Highest**” means with respect to each Reference Obligation on the relevant Valuation Date the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each such Reference Obligation on such date.

“**Blended Market**” means, with respect to each Reference Obligation on the relevant Valuation Date, the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each such Reference Obligation on such date.

“**Bond**” means any obligation of a type included in the definition of “**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.

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

“**Borrowed Money**” means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of borrowed money, (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

“**Business Day**” means (i) a day on which commercial banks and foreign exchange markets settle payments and are open in Milan, (ii) a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET or TARGET2) System or any successor thereto is open, and (iii) any additional city or cities specified in the applicable Final Terms.

“**Cash Settlement Amount**” means, in respect of each Note, the amount determined in accordance with Credit Linked Condition 4 (*Cash Settlement*).

“**Cash Settlement Date**” means the date that is three Business Days (or such other number of Business Days specified in the applicable Final Terms) following the calculation of the Final Price.

The “**Conditions to Settlement**” shall be deemed to be satisfied in full by the occurrence of a Credit Event Determination Date to the extent that such Credit Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date, a Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date), as applicable, unless “Physical Settlement” is specified as the Settlement Basis in the applicable Final Terms (or is applicable pursuant to the Fallback Settlement Basis), in which case all of the Conditions to Settlement shall be deemed to be satisfied by the satisfaction of the Notice of Physical Settlement Condition to Settlement on or following the occurrence of a Credit Event Determination Date. For the avoidance of doubt, if a Credit Event Determination Date is subsequently reversed prior to the relevant Auction Final Price Determination Date, a Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date), the Conditions to Settlement shall not be deemed to have been satisfied with respect to the related Credit Event and Reference Entity for the purposes of these Credit Linked Conditions. Where the Notes are First-to-Default Credit Linked Notes, the Conditions to Settlement shall apply solely to one Reference Entity, which shall be the first Reference Entity with respect to which a Credit Event Determination Date occurs. Where the Notes are Nth-to-Default Credit Linked Notes, the Conditions to Settlement shall apply solely to the Nth Reference Entity with respect to which a Credit Event Determination Date occurs.

Where the Notes are Linear Basket Credit Linked Notes, the Conditions to Settlement may be satisfied and an Event Determination Date may occur in respect of each Reference Entity, provided that, other than in respect of a Restructuring, the Conditions to Settlement shall apply only once to each such Reference Entity.

“**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.

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

“Conditions to Settlement End Date” means the later of (i) the last day of the period described in sub-paragraph (a) of the definition of Credit Event Determination Date, and (ii) the last day of the latest of the periods described in the definition of Notice of Physical Settlement Conditions to Settlement, if applicable.

“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.

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

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

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

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

“Credit Event Backstop Date” means:

- a) for the purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in sub-paragraph (ii) of the definition thereof) as determined by a DC Resolution, provided such DC Resolution is an Applicable Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date, provided that the Calculation Agent determines that the DC

Resolution is an Applicable Resolution and the Credit Event Resolution Request Date relates to an Applicable Request; or

- b) otherwise, the date that is 60 calendar days prior to the earlier of:
- i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Issuer to the Calculation Agent and are effective during the Notice Delivery Period; and
 - ii) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules in relation to an Applicable Request, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, provided that such Resolution is an Applicable Resolution and (III) the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

“**Credit Event Determination Date**” means with respect to a Credit Event:

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

- b) notwithstanding sub-paragraph (a) of this definition, if an Applicable DC Credit Event Announcement has occurred as determined by the Calculation Agent, either:
- i) the Credit Event Resolution Request Date (in respect of the relevant Applicable Request as determined by the Calculation Agent), if either:
 - (A) each of the following apply:
 - (1) “Credit Event Determination Date Version A” is specified in the applicable Final Terms;
 - (2) the relevant Credit Event is not a Restructuring; and
 - (3) either (y) if “Auction Settlement” is specified as the Settlement Basis in the applicable Final Terms, the Trade Date occurs on or prior to the Auction Final Price Determination Date in respect of an Applicable Auction, the Auction Cancellation Date in respect of an Applicable Auction, or the date that is 21 calendar days following the No Auction Announcement Date and the Calculation Agent determines that such announcement is an Applicable Announcement, if any, as applicable; or (z) if “Auction Settlement” is not specified as the Settlement Basis in the applicable Final Terms, the Issue Date occurs on or prior to the relevant Applicable DC Credit Event Announcement; or
 - (B) each of the following apply:
 - (1) either (y) “Credit Event Determination Date Version B” is specified in the applicable Final Terms or (z) the relevant Credit Event is a Restructuring; and
 - (2) the Credit Event Notice is delivered by the Issuer to the Calculation Agent and is effective on or prior to the relevant Exercise Cut-off Date; or
 - ii) the first date on which the Credit Event Notice is delivered by the Issuer to the Calculation Agent and is effective during the Notice Delivery Period or the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant Applicable DC Credit Event Announcement to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Issue Date) and is an Applicable Request as determined by the Calculation Agent), if either:
 - A) each of the following apply:
 - (1) “Credit Event Determination Date Version A” is specified in the applicable Final Terms;

- (2) the relevant Credit Event is not a Restructuring;
- (3) “Auction Settlement” is not specified as the Settlement Basis in the applicable Final Terms; and
- (4) the Issue Date occurs following the relevant Applicable DC Credit Event Announcement; or

B) each of the following apply:

- (1) “Credit Event Determination Date Version B” is specified in the applicable Final Terms; and
- (2) either (y) “Auction Settlement” is not specified as the Settlement Basis in the applicable Final Terms; or (z) if “Auction Settlement” is specified as the Settlement Basis in the applicable Final Terms, the Credit Event Notice is delivered by the Issuer to the Calculation Agent and is effective on a date that is later than the relevant Exercise Cut-off Date,

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

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

“**Credit Event Notice**” means an irrevocable notice (which may be oral if communicated by telephone) from the relevant entity specified as the Notifying Party in the Final Terms that describes a Credit Event that occurred on or after the Credit Observation Start Date and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). The Credit Event Notice shall contain a

description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

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

- a) whether an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof; and
- b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

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

“**Credit Linked Note**” means Notes which are linked to the credit of one or more Reference Entities.

“**Credit Observation Period**” means the period from the Credit Observation Start Date to the Extension Date (both dates inclusive).

“**Credit Observation Start Date**” means the date specified in the applicable Final Terms, provided that if no date is so specified, the Credit Observation Start Date shall mean (i) in connection with a Credit Event, the earlier to occur of the Issue Date and the Credit Event Backstop Date with respect to such Credit Event and (ii) in connection with a Succession Event, the earlier to occur of the Issue Date and the Succession Event Backstop Date with respect to such Succession Event, as applicable.

“**Currency Amount**” means, whenever an amount is denominated in a currency other than the Relevant Currency and is specified in these Credit Linked Conditions to be determined by reference to a Currency Amount, such amount converted to the Relevant Currency using the Best Rate Currency.

“**DC Credit Event Announcement**” means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and the Calculation Agent determines that such Resolution is an Applicable Resolution relevant to the Notes and (b) the Calculation Agent determines that such event occurred on or after the relevant Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

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

“DC Party” has the meaning given to that term in the Rules.

“DC Resolution” has the meaning given to that term in the definition of Resolve below.

“Dealer” means a dealer (other than the Issuer or any Affiliate of the Issuer, unless otherwise specified in the applicable Final Terms) in obligations of the type of Obligation(s) for which Quotations are to be obtained, as selected by the Calculation Agent.

“Default Correction Date” means with respect to an Uncured Default: the day (if any) on which Publicly Available Information exists confirming that a Potential Failure to Pay has been cured and ceases to exist, as determined by the Calculation Agent, provided that such Potential Failure to Pay is cured within the originally applicable grace period prior to the expiry of which such debt is not capable of being declared due and payable, and provided that such cure occurs before a Credit Event as a result of a Failure to Pay occurs.

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

“Defaulted Credit” means, on any day, each Reference Entity in respect of which a Credit Event Determination Date has occurred.

“Deferred Interest Payment Date” means, in respect of a Default Correction Date, the day falling five Business Days following such Default Correction Date.

“Deliver” means, with respect to the Relevant Proportion of the Deliverable Obligation(s), 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 Obligation(s) (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Relevant Proportion of the Deliverable Obligation(s) to the Noteholder 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 sub-paragraphs (a) to (d) of the definition of “Credit Event” above) or right of set-off by or of the Reference Entity or as applicable an Underlying Obligor); provided that (A) to the extent that the Deliverable Obligation(s) consist of Direct Loan Participations, **“Deliver”** shall mean the creation (or procurement of the creation) of a participation in favour of the relevant Noteholder and (B) to the extent that the Deliverable Obligation(s) consist of Qualifying Guarantees, **“Deliver”** shall mean to Deliver both the Qualifying Guarantee and the Underlying Obligation. **“Delivery”** and **“Delivered”** shall be construed accordingly.

“Deliverable Obligation” means (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applying in the applicable Final Terms) described by the Deliverable Obligation Category specified in the applicable Final Terms (but excluding any Excluded Deliverable Obligation) and, subject to Credit Linked Condition 5 (*Physical Settlement*), having one or more of the Deliverable Obligation Characteristics specified in the applicable Final Terms that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable and (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) of the definition of “Credit Event” above or right of set off by or of a Reference Entity or any applicable Underlying Obligor) and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement, (b) each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation; and, if such Reference Obligation is a Convertible Obligation or an Exchangeable Obligation provided that the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price in whole or in part in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date, and (c) any other obligation of a Reference Entity specified as such in the applicable Final Terms.

“Deliverable Obligation Category” means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, as specified in the applicable Final Terms (each as defined herein, except that, for the purpose of determining Deliverable Obligation(s), the definition of Reference Obligations Only shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).

“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, as specified in the applicable Final Terms.

“Delivery Date” means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.

“Delivery Expenses” shall have the meaning specified in Credit Linked Condition 5(j).

“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 the Noteholder that provides such Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between such Noteholder and either (a) the Issuer (to the extent the Issuer is then a lender or a member of the relevant lending

syndicate), or (b) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate).

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

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

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

“**Eligible Transferee**” means:

- a) any:
 - (i) bank or other financial institution;
 - (ii) insurance or reinsurance company;
 - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below); and
 - (iv) registered or licensed broker or dealer (other than a natural person or proprietorship), provided, however, in each case that such entity has total assets of at least USD 500,000,000;
- b) an Affiliate of an entity specified in the preceding clause (a) of this definition;
- c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least USD 100,000,000 or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD 100,000,000;
 - (ii) that has total assets of at least USD 500,000,000; or
 - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or

other agreement by an entity described in sub-paragraph (a), (b), (c)(ii) or (d) of this definition; and/or

- d) a Sovereign, Sovereign Agency or Supranational Organization.

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

“Entity Type” means, unless otherwise specified in the Final Terms for the purposes of the application of the Transaction Type Standard Terms to the Notes, each Reference Entity designated as one of the following in the Final Terms:

- a) European Corporate Entity;
- b) European Insurance Corporate Entity (Subordinated Debt);
- c) European Emerging Markets Corporate Entity;
- d) Australian and New Zealand Corporate Entity;
- e) Japanese Corporate Entity;
- f) Singaporean Corporate Entity;
- g) Asian Corporate Entity;
- h) North American Investment Grade Corporate Entity;
- i) North American High Yield Corporate Entity;
- j) North American Monoline Insurer Corporate Entity;
- k) Latin American Corporate (B) Entity;
- l) Latin American Corporate (B&L) Entity;
- m) Western European Sovereign Entity;
- n) European Emerging Markets Sovereign Entity;
- o) Australian and New Zealand Sovereign Entity;
- p) Japanese Sovereign Entity;
- q) Singaporean Sovereign Entity;
- r) Asian Sovereign Entity; and
- s) Latin American Sovereign Entity.

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

“Excluded Deliverable Obligation” means any obligation identified as such in the applicable Final Terms.

“Excluded Obligation” means any obligation identified as such in the applicable Final Terms.

“Exercise Amount” has the meaning set out in Credit Linked Condition 11 (*Restructuring Credit Event*).

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

- a) if such Credit Event is not a Restructuring (or if such Credit Event is a Restructuring, neither “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” nor “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms), either;
 - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date in respect of an Applicable Auction, if any;
 - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any;
 or
 - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable; or
- b) if such Credit Event is a Restructuring and either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms and:
 - (i) published, the date that is seven Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules, provided that the Calculation Agent determines that such Resolution and Credit

Derivatives Auction Settlement Terms constitute an Applicable Resolution and Applicable Credit Derivatives Auction Settlement Terms, as applicable; or

- (ii) a No Auction Announcement Date occurs pursuant to sub-paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date.

“Extended Maturity Date” means, where an Extension Notice has been served, the date that is fifteen (15) Business Days (or such other date as may be specified in the Final Terms) after:

- a) if such notice was given pursuant to clause (a) of the definition of Extension Notice, the Scheduled Maturity Date; or
- b) if such notice was given pursuant to clause (b) of the definition of Extension Notice, the Grace Period Extension Date; or
- c) if such notice was given pursuant to clause (c) of the definition of Extension Notice, the Repudiation/Moratorium Evaluation Date; or
- d) if such notice was given pursuant to clause (d) of the definition of Extension Notice, the Conditions to Settlement End Date.

“Extension Date” means the latest to occur of:

- a) the Scheduled Observation End Date;
- b) the Grace Period Extension Date if:
 - (i) Grace Period Extension is specified as applicable in the applicable Final Terms;
 - (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of a Credit Event Resolution Request Date, as applicable, is a Failure to Pay Credit Event that occurs after the Scheduled Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)); and
 - (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)); and
- c) the Repudiation/Moratorium Evaluation Date if:
 - (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of a Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in sub-paragraph (ii) of the definition of Repudiation/Moratorium occurs after

the Scheduled Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time));

- (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)); and
- (iii) the Repudiation/Moratorium Extension Condition is satisfied,

unless the Final Terms specify an alternative time.

“**Extension Notice**” means a notice from the Calculation Agent to the Issuer, giving notice of the following in relation to a Reference Entity:

- a) without prejudice to clauses (b), (c) and (d) below, that a Credit Event has occurred or may occur on or prior to the Scheduled Maturity Date; or
- b) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Maturity Date. For the purposes of this clause (b), the giving of a Grace Period Extension Notice (if on or prior to the Scheduled Maturity Date) shall be deemed to satisfy the requirement to give notice under this definition of Extension Notice. However, the giving of an Extension Notice in accordance with this clause (b) shall not in any way preclude the subsequent giving of a Grace Period Extension Notice so long as the Grace Period Extension Condition is satisfied; or
- c) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Maturity Date. For the purposes of this clause (c), the giving of a Repudiation/Moratorium Extension Notice (if on or prior to the Scheduled Maturity Date) shall be deemed to satisfy the requirement to give notice under this definition of Extension Notice. However, the giving of an Extension Notice in accordance with this clause (c) shall not in any way preclude the subsequent giving of a Repudiation/Moratorium Extension Notice so long as the Repudiation/Moratorium Extension Condition is satisfied; or
- d) that an Applicable Request has been made on or prior to the Scheduled Maturity Date in respect of which an Applicable Resolution has not been published.

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

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

“Fallback Settlement Basis” means, with respect to Notes for which “Auction Settlement” is specified as the Settlement Basis in the applicable Final Terms, the Fallback Settlement Basis specified in such Final Terms or, if no Fallback Settlement Basis is so specified, the Fallback Settlement Basis shall be deemed to be “Cash Settlement”.

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

“Final Price” means, with respect to any Reference Obligation, the price of the Reference Obligation, expressed as a percentage, determined by the Calculation Agent as of the Valuation Date in accordance with the Valuation Method specified in the applicable Final Terms.

“First-to-Default Credit Linked Notes” means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, upon the occurrence of a Credit Event and satisfaction of the Conditions to Settlement with respect to any of such Reference Entities, the Notes will be redeemed in accordance with the relevant Settlement Basis.

“Fractional Entitlement” shall have the meaning specified in Credit Linked Condition 5(i).

“Full Quotation” means, in accordance with the Quotation Method, a firm quotation obtained from a Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an outstanding principal balance equal to the Quotation Amount.

“Fully Transferable Obligation” means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition. For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Fully 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.

“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 incorporation, registration or organisation of a Reference Entity.

“Grace Period” means:

- a) subject to sub-paragraphs (b) and (c) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- b) if “Grace Period Extension” is specified in the applicable Final Terms as applicable, a Potential Failure to Pay has occurred on or prior to the Scheduled Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference

Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), the Grace Period shall be deemed to be the lesser of such grace period and the number of days specified as such in the applicable Final Terms or, if a number of days is not so specified, thirty calendar days; and

- c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless “Grace Period Extension” is specified as applicable in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Observation End Date.

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

“**Grace Period Extension Condition**” is satisfied by the delivery of a Grace Period Extension Notice and, if specified as applicable in the applicable Final Terms, Notice of Publicly Available Information, by the Issuer to the Noteholders delivered on or before the Maturity Date.

“**Grace Period Extension Date**” means, if (a) “Grace Period Extension” is specified as applicable in the applicable Final Terms and (b) a Potential Failure to Pay occurs on or prior to the Scheduled Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), the date that is five Business Days following the day falling after the number of days in the Grace Period after the date of such Potential Failure to Pay.

“**Grace Period Extension Notice**” means an irrevocable notice from the Issuer to the Noteholders that describes a Potential Failure to Pay that occurred on or after the Credit Observation Start Date and on or prior to the Scheduled Observation End Date. A Grace Period Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Failure to Pay has occurred and indicate that date of the occurrence. A Grace Period Extension Notice shall be subject to the requirements regarding notices contained in Base Condition 12 (*Notices*).

“**Hedge Unwind Costs**” means, with respect to any Series of Notes in respect of which “Hedge Unwind Adjustment” is specified as applying in the applicable Final Terms, the costs of unwinding any associated hedging transactions, including but not limited to any hedging and/or funding transactions, following the occurrence of a Credit Event.

“**Highest**” means, with respect to the Reference Obligation on the relevant Valuation Date, the highest Quotation obtained by the Calculation Agent with respect to such Reference Obligation on such date.

“**Interest Payment Cut-off Date**” means in respect of the Notes and any date which is an Interest Payment Date, the third Payment Business Day preceding such Interest Payment Date and in respect of any date which is not an Interest Payment Date, the third Business Day preceding the Maturity Date.

“**Interest Period End Date**” means each date specified as such in the applicable Final Terms, provided that if no dates are so specified, the Interest Period End Dates shall be each Interest Payment Date.

“**Interest Recommencement Date**” shall have the meaning specified in Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*).

“**ISDA**” means International Swaps and Derivatives Association, Inc. or any successor thereto as determined by the Calculation Agent.

“**Latest Permissible Physical Settlement Date**” means the date that, in respect of Credit Linked Condition 5(f)(ii)(A), is thirty calendar days after the Physical Settlement Date and, in respect of Credit Linked Condition 5(f)(ii)(B) and (C), the date that is fifteen Business Days after the Physical Settlement Date.

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

“**Linear Basket Credit Linked Notes**” mean Notes which are specified as such in the applicable Final Terms, in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, on each occasion on which a Credit Event occurs and the Conditions to Settlement are satisfied with respect to any of the Reference Entities, the Notes will be redeemed in part in an amount determined by reference to the Related Nominal Amount relating to such Reference Entity in accordance with the relevant Settlement Basis.

“**Listed**” means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange.

“**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.

“**Market**” means, with respect to the Reference Obligation on the relevant Valuation Date, the Market Value determined by the Calculation Agent with respect to such Reference Obligation on such date.

“Market Value” means, with respect to an Obligation on a Valuation Date, (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and subject to sub-paragraph (b) of the definition of “Quotation” below), an amount determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation is obtained; and (f) if two or more Full Quotations are not obtained within the additional ten Business Day period set forth in sub-paragraph (b) of the definition of “Quotation” below, the Market Value shall be determined as provided in such sub-paragraph (b).

“Maximum Maturity” means an obligation that has a remaining maturity from the Physical Settlement Date of not greater than the period specified in the applicable Final Terms.

“Milan Business Day” means a day other than a Saturday or Sunday on which commercial banks are generally open for business in Milan.

“Minimum Quotation Amount” means U.S.\$1,000,000 (or its equivalent in the Obligation Currency).

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

“Modified Restructuring Maturity Limitation Date” means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Observation End Date, provided that, in circumstances where the Scheduled Observation End Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms and the Scheduled Observation End Date is later than the 2.5-year Limitation Date and, prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Observation End Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only.

Subject to the foregoing, in the event that the Scheduled Observation End Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation

Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Observation End Date.

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

“**Movement Option Cut-off Date**” means the date that is four Relevant City Business Days following the Exercise Cut-off Date.

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

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

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

“**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.

“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 (A) to convert to exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

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

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

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

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

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

as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date.

Where the Reference Obligation specified in the applicable Final Terms is a subordinated obligation and such obligation is redeemed in full on or prior to the Issue Date, the ranking in priority of payment of the Reference Obligation for the purposes of this definition and the purposes of the definition of Substitute Reference Obligation shall be that of such Reference Obligation as of the date on which such Reference Obligation was redeemed in full.

“Notice Delivery Period” means the period from and including the Issue Date to and including the second Business Day following the date that is fourteen calendar days after the Extension Date.

“Notice of Physical Settlement” means a notice from the Issuer to the Calculation Agent and the Noteholders in accordance with Base Condition 12 (*Notices*). A Notice of Physical Settlement shall be subject to the requirements regarding notices contained in Credit Linked Condition 3 (*Notices*). A Notice of Physical Settlement shall contain:

- a) a detailed description of each Deliverable Obligation that the Issuer reasonably expects to Deliver to the Noteholders, including the outstanding principal balance or Due and Payable Amount, as applicable, of each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available or applicable, the rate and tenor of each such Deliverable Obligation); and
- b) where (i) the relevant Credit Event is a Restructuring, (ii) either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms and (iii) the Scheduled Observation End Date is later than (A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date contains a detailed description of at least one Enabling Obligation, which description will include the CUSIP or ISIN number, if available and applicable (or, if such identifying number is not available, the rate and tenor), of such Enabling Obligation and any other information necessary to establish that such obligation is an Enabling Obligation).

“Notice of Physical Settlement Condition to Settlement” will be deemed to have been satisfied by the delivery by the Issuer of a Notice of Physical Settlement to the Calculation Agent that is effective subject, where applicable, to Credit Linked Condition 5 (*Physical Settlement*), on or prior to two Business Days following the date that is:

- a) subject to sub-paragraph (b) of this definition, the later of:
 - i) the thirtieth calendar day (subject to adjustment in accordance with any applicable Business Day Convention) after the Credit Event Determination Date; and
 - ii) the tenth calendar day after either (1) the date of the relevant DC Credit Event Announcement, if any, or (2) the date on which ISDA publicly announces that

the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date, if any, as applicable; or

- b) if “Physical Settlement” is applicable pursuant to the Fallback Settlement Method and:
- i) the relevant Credit Event is not a Restructuring (or, if such Credit Event is a Restructuring, neither “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” nor “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms), the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date, as applicable; or
 - ii) the relevant Credit Event is a Restructuring and either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms, either:
 - (1) the thirtieth calendar day after:
 - (A) a No Auction Announcement Date occurring pursuant to sub-paragraph (a) of the definition of No Auction Announcement Date, if any; or
 - (B) a No Auction Announcement Date occurring pursuant to sub-paragraph (c) of the definition of No Auction Announcement Date, if any, in circumstances where no Parallel Auction will be held; or
 - (C) the Auction Cancellation Date, if any, as applicable; or
 - (2) the Relevant City Business Day immediately following the later of the Parallel Auction Final Price Determination Date, if any (or, if more than one should occur, the last Parallel Auction Final Price Determination Date), and the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:
 - (A) a No Auction Announcement Date occurs pursuant to sub-paragraph (b) of the definition of No Auction Announcement Date and the Issuer has not exercised any Movement Option; or
 - (B) a No Auction Announcement Date occurs pursuant to sub-paragraph (c) of the definition of No Auction Announcement Date in circumstances where one or more Parallel Auctions will be held, provided that in the case of sub-paragraph (a)(ii) and sub-paragraph (b) of this definition, the relevant Credit Event Resolution Request Date occurred on or prior to the date described in paragraph (a)(i) of this definition.

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

“Notice of Publicly Available Information” means an irrevocable notice from the Calculation Agent to the Noteholders that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice given must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices contained in Credit Linked Condition 3 (*Notices*).

“Notice to Exercise Movement Option” means, if (a) either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified as applicable in the applicable Final Terms and (b) the Fallback Settlement Method would otherwise be applicable pursuant to Credit Linked Condition 3(c), a notice from the Issuer to the Calculation Agent that (i) specifies the Parallel Auction Settlement Terms applicable with respect to Notes in accordance with the Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

“Nth Reference Entity” means, in respect of any Series of Nth -to-Default Credit Linked Notes, the numbered Reference Entity with respect to which a Credit Event Determination Date must have occurred in order for the Notes to be redeemed in accordance with the applicable Settlement Basis. For example, if the applicable Final Terms specify that the Notes are Second-to-Default Credit Linked Notes, then the Nth Reference Entity shall be the second Reference Entity with respect to which a Credit Event Determination Date has occurred.

“Nth -to-Default Credit Linked Notes” means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, upon the occurrence of a Credit Event and satisfaction of the Conditions to Settlement with respect to the Nth Reference Entity, the Notes will be redeemed in accordance with the relevant Settlement Basis.

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

Reference Obligation, unless specified in the applicable Final Terms as an Excluded Obligation and (c) any other obligations of the Reference Entity as specified in the applicable Final Terms.

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

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

“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, as specified in the applicable Final Terms; provided that (i) if the applicable Final Terms specifies the Obligation Category as being Reference Obligations Only, then no Obligation Characteristics shall be applicable; (ii) in any case, the applicable Final Terms may specify that the Obligation Characteristics is not applicable.

“Obligation Currency” means, with respect to an Obligation, the currency in which the Obligation is denominated.

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

“Outstanding Amount” has the meaning set out in Credit Linked Condition 11(b).

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

“Parallel Auction” means “Auction” as defined in the relevant Parallel Auction Settlement Terms.

“Parallel Auction Cancellation Date” means “Auction Cancellation Date” as defined in the relevant Parallel Auction Settlement Terms.

“Parallel Auction Final Price Determination Date” means “Auction Final Price Determination Date” as defined in the relevant Parallel Auction Settlement Terms.

“Parallel Auction Settlement Date” means “Auction Settlement Date” as defined in the relevant Parallel Auction Settlement Terms.

“Parallel Auction Settlement Terms” means, following the occurrence of a Restructuring, if either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms, any Credit Derivatives Auction

Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the deliverable obligation terms are the same as the Deliverable Obligation provisions applicable to the Notes and the Calculation Agent determines that the related Auction would not be an Applicable Auction for the purposes of the Notes.

“Partial Cash Settlement Amount” means, for each Undeliverable Obligation, Undeliverable Loan Obligation or Undeliverable Participation, save as otherwise specified in the applicable Final Terms, an amount equal to the Recovery Amount in respect of such Undeliverable Obligation, Undeliverable Loan Obligation or Undeliverable Participation.

“Partial Cash Settlement Date” has the meaning given to it in the applicable Final Terms, or, if such a meaning is not so specified, means the date that is three Business Days after the Latest Permissible Physical Settlement Date.

“Partial Principal Amount” has the meaning set out in Credit Linked Condition 10 (*Succession Event*).

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

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

“Physical Settlement Cut-Off Date” shall have the meaning specified in Credit Linked Condition 5(c).

“Physical Settlement Date” means the date that is:

- a) the number of Business Days specified in the applicable Final Terms after the date of delivery of the Notice of Physical Settlement; or
- b) if such number of Business Days is not so specified, (i) thirty (30) Business Days after the date of delivery of the Notice of Physical Settlement or (ii) two Business Days following the last day of the longest Physical Settlement Period, if later.

“Physical Settlement Matrix” means the Credit Derivatives Physical Settlement Matrix Supplement to the Credit Derivatives Definitions, as most recently amended or supplemented as at the Issue Date (unless otherwise specified in the Final Terms) and as published by ISDA, currently at www.isda.org, provided that any reference therein to (a) "Confirmation" shall be deemed to be a reference to the applicable Final Terms; (b) "Floating Rate Payer Calculation Amount" shall be deemed to be a reference to the Relevant Currency, (c) "Section 3.3 of the Definitions" shall be deemed to be a reference to "Credit Event Notice" as defined in this Credit Linked Condition 15, (d) "Section 3.9" shall be deemed to be a reference to Credit Linked Condition 12 and (e) "Section 8.6" shall be deemed to be a reference to "Physical Settlement Period" as defined in this Credit Linked Condition 15.

“Physical Settlement Period” means, subject to Condition 5 of these Credit Linked Conditions, with respect to a Deliverable Obligation comprising any Relevant Proportion of the Deliverable Obligations, the longest number of Business days for settlement in accordance with then current market practice of such Deliverable Obligations, as determined by the Calculation Agent.

“Potential Failure to Pay” means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure, as determined on the basis of Publicly Available Information by the Calculation Agent.

“Potential Repudiation/Moratorium” means the occurrence of an event described in clause (i) of the definition of Repudiation/Moratorium.

“Public Source” means each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun and Financial Times (and any successor publications).

“Publicly Available Information” means information that reasonably confirms any of the facts relevant to the determination that the Credit Event or Potential Repudiation/Moratorium described in a Credit Event Notice or a Repudiation/Moratorium Extension Notice has occurred and which (a) has been published in or on not less than two internationally recognised published or electronically displayed news sources (it being understood that each Public Source shall be deemed to qualify as such), regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if the Issuer or any of its 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 its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, facility agent, agent bank or paying agent for an Obligation; (b) is information received from or published by (i) the relevant Reference Entity or (ii) a trustee, fiscal agent, administrative agent, clearing agent, facility agent, agent bank or paying agent for an Obligation; (c) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or (d) is information contained in any order, decree, notice or filing however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative or judicial body, provided that:

- (A) in relation to any information of the type described in (b), (c) and (d) above, each Noteholder 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 Calculation Agent 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; and
- (B) Publicly Available Information need not state (a) in relation to a Downstream Affiliate, 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.

“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, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

“Qualifying Participation Seller” means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

“Quotation” means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the following manner:

- a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation.
- b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.
- c)

- i) If “Include Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;
 - ii) “Exclude Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
 - iii) if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- d) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the outstanding principal balance for the purposes of determining the Final Price.

“**Quotation Amount**” means the sum so specified in the applicable Final Terms (or, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained) provided that if no such sum is specified, the Quotation Amount shall be (a) an amount equal to the aggregate outstanding principal amount of the Notes or, in the case of Linear Basket Credit Linked Notes, the Related Nominal Amount of the relevant Reference Entity or (b) in the case of a Restructuring (if applicable), an amount equal to the relevant Exercise Amount.

“**Quotation Method**” means that only bid quotations shall be requested from Dealers in obtaining Quotations.

“**Recovery Amount**” means, save as otherwise specified in the applicable Final Terms, an amount in the Relevant Currency divided by the Specified Denomination which shall in turn be divided by the Best Rate Currency, if applicable, determined by the Calculation Agent as being equal to the proceeds, if any, actually received by the Issuer upon the sale or disposal of (a) a nominal amount of the Reference Obligation(s) equal to the aggregate outstanding principal amount of the Notes or (b) in the case of a Restructuring (if applicable), a nominal amount of the Reference Obligation(s) equal to the relevant Exercise Amount or (c) in the case of a Linear Basket Credit Linked Note, a nominal amount of the Reference Obligation(s) equal to the relevant Related Nominal Amount or (d) in the event that Credit Linked Condition 5(f)(ii) applies, the Undeliverable Obligation, Undeliverable Loan Obligation or Undeliverable Participation, as the case may be, in each case subject to deduction of any amount of any taxes, fees, or costs that may be incurred by the Issuer. For the avoidance of doubt, in the event that there is more than one Reference Obligation, the Issuer shall determine, in its sole and absolute discretion, the selection of Reference Obligations for such sale or disposal.

“**Reference Entity**” or “**Reference Entities**” means the entity or entities specified as such in the applicable Final Terms, and any Successor either (a) as determined by the Calculation

Agent or (b) identified by the Calculation Agent by reference to a public announcement by ISDA on or following the Issue Date of that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules.

“**Reference Obligation**” means (a) each obligation (if any) specified as such or of a type described in the applicable Final Terms and (b) any Substitute Reference Obligation.

“**Reference Obligations Only**” means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only.

“**Related Nominal Amount**” means, in respect of a Reference Entity, the amount specified as such in the applicable Final Terms.

“**Relevant City Business Day**” has the meaning given to that term in the Rules.

“**Relevant Jurisdiction**” has the meaning set out in the applicable Final Terms.

“**Relevant Proportion**” means the proportion which the principal amount of the Note or Notes the subject of an Asset Transfer Notice bears to the aggregate principal amount of all Notes outstanding (including those the subject of the Asset Transfer Notice) immediately prior to the date set for redemption.

“**Remaining Amount**” has the meaning set out in Credit Linked Condition 7(c)(iii).

“**Repudiation/Moratorium**” means the occurrence of both the following events:

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

“**Repudiation/Moratorium Evaluation Date**” means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)):

- a) if the Obligations to which such Potential Repudiation/ Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, if the expiration date of any applicable Grace Period in respect of such payment date); and

- b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium.

The “**Repudiation/Moratorium Extension Condition**” is satisfied:

- a) if the Calculation Agent determines that ISDA has publicly announced pursuant to a valid request that was made, in accordance with the Rules, and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Observation End Date that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and such Resolution constitutes an Applicable Resolution; or
- b) by the delivery of a Repudiation/Moratorium Extension Notice and, if specified as applicable in the applicable Final Terms, a Notice of Publicly Available Information, by the Issuer to Noteholders in accordance with these Credit Linked Conditions prior to the Scheduled Maturity Date.

In all cases, the Calculation Agent may determine that the Repudiation/Moratorium Extension Condition has not been satisfied, or is not capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Observation End Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), in each case provided that the Calculation Agent determines such Resolution is an Applicable Resolution.

“**Repudiation/Moratorium Extension Notice**” means an irrevocable notice from the Issuer to the Noteholders in accordance with these Credit Linked Conditions that describes a Potential Repudiation/Moratorium that occurred on or after the Issue Date and on or prior to the Scheduled Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). A Repudiation/ Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not to be continuing on the date the Repudiation/Moratorium Extension Notice is delivered. A Repudiation/Moratorium Extension Notice shall be subject to the requirements regarding notices contained in Credit Linked Condition 3 (*Notices*).

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

“Restructured Bond or Loan” means a Bond or Loan in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

“Restructuring” means:

- a) with respect to one or more Obligations, including as a result of an Obligation Exchange, and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs, is agreed between the Reference Entity or a Governmental Authority and the holder or holders of such Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that is binding upon a Reference Entity, and such event is not provided for under the terms of such Obligation in effect as of the later of the relevant Credit Event Backstop 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;
 - (v) any change in the currency or composition of any payment of interest or principal; or
 - vi) new cash advance is required to be made to the Reference Entity and/or any additional obligation of the Reference Entity is required to be bought by the holders of the Obligation by the Governmental Authority.
- b) Notwithstanding the provisions of sub-paragraph (a) of this definition of Restructuring, 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 sub-paragraphs (a)(i) to (v) of this definition of Restructuring, due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

- iii) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a) (i) to (v) of this definition of Restructuring, in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- c) For the purposes of sub-paragraphs (a) and (b) of this definition of Restructuring, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in sub-paragraph (a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in sub-paragraph (b) shall continue to refer to the Reference Entity.
- d) Unless Multiple Holder Obligation is specified as not applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in (a), (b) or (c) above, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

If an Obligation Exchange has occurred, the determination as to one of the events described in subparagraphs (a)(i) to (a)(v) above has occurred, will be based on a comparison of the terms of the Obligation immediately before such Obligation Exchange and the terms of the resulting Obligation if any, immediately following such Obligation Exchange.

The Calculation Agent acting on good faith and commercially reasonable manner will make any determination required under (b) or (c) above in its sole discretion.

For the purpose of this definition, “**Obligation Exchange**” means the mandatory transfer (other than in accordance with the terms in effect as of the later of the Credit Observation Start Date and the date of issuance of the relevant Obligation) of any security, obligation or asset to holders of Obligations in exchange for such Obligations. When so transferred, such securities, obligations or assets will be deemed to be Obligations.

“**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 the Restructuring.

“**Restructuring Maturity Limitation Date**” means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Observation End Date, provided that, in circumstances where the Scheduled Observation End Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a “**Latest Maturity Restructured Bond or Loan**”) and the Scheduled Observation End Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

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

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

“**Scheduled Observation End Date**” means the date specified as such in the applicable Final Terms, or if no date is so specified, the Scheduled Maturity Date. The Scheduled Observation End Date shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the applicable Final Terms.

“**Settlement Basis**” means Cash Settlement, Physical Settlement and/or Auction Settlement, as specified in the applicable Final Terms or Credit Event Notice.

“**Settlement Date**” means either the Cash Settlement Date, the Physical Settlement Date or the Auction Settlement Date, as applicable.

“**Single Name Credit Linked Notes**” means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of one Reference Entity alone and pursuant to which, upon the occurrence of a Credit Event and satisfaction of the Conditions to Settlement with respect to the single Reference Entity, the Notes will be redeemed in accordance with the relevant Settlement Basis.

“**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.

“**Specified Currency**” means, for the purposes of the definitions of “Obligation Characteristic” and “Deliverable Obligation Characteristic” only, the currency or currencies specified as such in the applicable Final Terms (or, if Specified Currency is selected as an Obligation Characteristic or Deliverable Obligation Characteristic in the applicable Final Terms and no currency is so specified, any of the lawful currencies of Canada, the Federal Republic of Germany, Japan, the Republic of France, the Republic of Italy, Switzerland, the United Kingdom and the United States of America and the euro (and any successor currency to any of the aforementioned currencies), which currencies shall be referred to collectively, if applicable, in the applicable Final Terms as the “**Standard Specified Currencies**”).

“**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 (A) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (B) the holders of the Subordinated Obligation will not be entitled

to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. “**Subordinated**” will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other 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.

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

- a) In the event that (A) a Reference Obligation is redeemed in whole or (B) in the opinion of the Calculation Agent (1) the aggregate amount due under any Reference Obligation has been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (2) any Reference Obligation is an underlying Obligation with a Qualifying Guarantee of the 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 (3) 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 shall be an Obligation that either (A) as determined by the Calculation Agent (1) ranks *pari passu* in priority of payment with such Reference Obligation (with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation being determined as of the date on which such Reference Obligation was issued or incurred, and not reflecting any change in ranking in priority of payment after such date) (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, of the delivery and payment obligations of the Issuer and (3) is an obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applying in the applicable Final Terms, as provider of a Qualifying Guarantee) or (B) which ISDA publicly announces on or following the Issue Date that the Credit Derivatives Determinations Committee has Resolved is a Substitute Reference Obligation in respect of a Reference Obligation in accordance with the Rules. The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations. The Calculation Agent shall notify the Noteholders of any selection of a Substitute Reference Obligation or Substitute Reference Obligations.
- c) If there is more than one Reference Obligation, any of the events set forth under subparagraph (a) above has occurred with respect to one or more but not all of the

Reference Obligations, and the Calculation Agent determines in accordance with sub-paragraph (a) above 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 there is more than one Reference Obligation, any of the events set forth under sub-paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines in accordance with sub-paragraph (a) above 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 (A) there is more than one Reference Obligation, any of the events set forth in sub-paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines in accordance with sub-paragraph (a) above that no Substitute Reference Obligation is available for any of the Reference Obligations or (B) there is only one Reference Obligation, any of the events set forth in sub-paragraph (a) above has occurred with respect to the Reference Obligation and the Calculation Agent determines in accordance with sub-paragraph (a) above that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Extension Date. If (A) either (1) Cash Settlement is specified as the Settlement Basis in the applicable Final Terms (or is applicable pursuant to the Fallback Settlement Basis in accordance with Credit Linked Condition 6 (*Auction Settlement*)) and the Cash Settlement Amount is determined by reference to a Reference Obligation or (2) either Auction Settlement or Physical Settlement is specified as the Settlement Basis in the applicable Final Terms (or, in the case of Physical Settlement, is applicable pursuant to the Fallback Settlement Basis in accordance with Credit Linked Condition 6 (*Auction Settlement*)) and, in each case, the Reference Obligation is the only Deliverable Obligation and (B) on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), a Substitute Reference Obligation has not been identified, as of the end of the day on the Extension Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) the Issuer shall redeem the Notes on the third Business Day following the Extension Date in accordance with Base Condition 6(a) (as modified by these Credit Linked Conditions).
- f) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligations into a different Obligation.

“**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 the definition of Successor shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.

“Succession Event” means (a) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (b) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity, in each case as determined by the Calculation Agent. Notwithstanding the foregoing, “Succession Event” shall not include an event (i) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event or (ii) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the applicable Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

“Succession Event Backstop Date” means:

- a) for purposes of any event that constitutes a Succession Event for the purposes of certain credit derivative transactions, as determined by DC Resolution, the date that is 90 calendar days prior to the relevant Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), provided that the Calculation Agent determines that such DC Resolution constitutes an Applicable Resolution; or
- b) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Succession Event Notice is effective and (B) in circumstances where (1) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (2) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (3) the Succession Event Notice is delivered by the Calculation Agent to the Issuer not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date, provided that the Calculation Agent determines that such Resolutions constitute Applicable Resolutions.

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

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

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

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

“**Succession Event Notice**” means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Issuer that describes a Succession Event that occurred on or after the relevant Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the relevant Reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

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

“**Successor**” means:

- a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined by the Calculation Agent as set forth below:
 - i) if one entity directly or indirectly succeeds to seventy-five per cent or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor for (a) if the Notes are not Linear Basket Credit Linked Notes, the entire outstanding principal amount of the Notes as at the date of the Succession Event or (b) if the Notes are Linear Basket Credit Linked Notes, the entire Related Nominal Amount of that original Reference Entity outstanding as at the date of the Succession Event;
 - ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent of the Relevant Obligations

- will be the sole Successor for (a) if the Notes are not Linear Basket Credit Linked Notes, the entire outstanding principal amount of the Notes as at the date of the Succession Event or (b) if the Notes are Linear Basket Credit Linked Notes, the entire Related Nominal Amount of that original Reference Entity outstanding as at the date of the Succession Event;
- iii) if more than one entity each directly or indirectly succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent of the Relevant Obligations will each be a Successor in respect of (a) if the Notes are not Linear Basket Credit Linked Notes, a portion of the outstanding principal amount of the Notes as at the date of the Succession Event or (b) if the Notes are Linear Basket Credit Linked Notes, a portion of the Related Nominal Amount of the original Reference Entity outstanding as at the date of the Succession Event, in each case subject to and in accordance with Credit Linked Condition 10 (Succession Event);
 - iv) if one or more entities each directly or indirectly succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor in respect of (a) if the Notes are not Linear Basket Credit Linked Notes, a portion of the outstanding principal amount of the Notes as at the date of the Succession Event or (b) if the Notes are Linear Basket Credit Linked Notes, a portion of the Related Nominal Amount of the original Reference Entity outstanding as at the date of the Succession Event, in each case subject to and in accordance with Credit Linked Condition 10 (Succession Event);
 - v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity for the purposes of the Credit Linked Conditions will not be changed in any way as a result of the Succession Event; and
 - vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent 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.
- b) with respect to a Reference Entity that is a Sovereign, each entity as determined by the Calculation Agent which becomes a direct or indirect successor to such Reference Entity

by way of Succession Event, irrespective of whether any successor assumes any of the obligations of such Reference Entity.

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

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

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

“Transaction Type” means, unless otherwise specified in the Final Terms, for the purposes of the application of the Physical Settlement Matrix to the Notes, each Reference Entity designated as one of the following in the Final Terms:

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

- p) New Zealand Sovereign;
- q) Singapore Sovereign;
- r) America Sovereign;
- s) Western European Sovereign;

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

“**Transaction Type Standard Terms**” means, unless otherwise specified in the Final Terms, in respect of any Transaction Type specified in the Final Terms as a Reference Entity, the relevant terms corresponding to such Transaction Type contained in the Physical Settlement Matrix.

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

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

“**Uncured Default**” means a Potential Failure to Pay has occurred and neither a Credit Event as a result of a Failure to Pay nor a Default Correction Date has occurred.

“**Undeliverable Loan Obligations**” “**Undeliverable Obligations**” and “**Undeliverable Participations**” shall each have the meaning specified in Credit Linked Condition 5(f)(ii);

“**Underlying Obligation**” has the meaning set out in “Qualifying Guarantee”;

“**Underlying Obligor**” has the meaning set out in “Qualifying Guarantee”;

“**Valuation Date**” means:

- a) if “Single Valuation Date” is specified in the applicable Final Terms, subject to Credit Linked Condition 7 (*Suspension Terms*), the date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five Business Days) following the satisfaction of all Conditions to Settlement (or, if “Cash Settlement” is applicable pursuant to the Fallback Settlement Basis in accordance with Credit Linked Condition 6 (*Auction Settlement*), the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not so specified, five Business Days) following the relevant Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and

- b) if “Multiple Valuation Dates” is specified in the applicable Final Terms, subject to Credit Linked Condition 7 (*Suspension Terms*), each of the following dates:
- i) the date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five Business Days) following the satisfaction of all Conditions to Settlement (or, if “Cash Settlement” is applicable pursuant to the Fallback Settlement Basis in accordance with Credit Linked Condition 6 (*Auction Settlement*), the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not so specified, five Business Days) following the relevant Auction Cancellation Date, if any, or No Auction Announcement Date, if any, as applicable); and
 - ii) each successive date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When “Multiple Valuation Dates” is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither “Single Valuation Date” nor “Multiple Valuation Dates” is specified in the applicable Final Terms, Single Valuation Date shall apply.

“**Valuation Method**” means Market or Highest, as specified in the applicable Final Terms Average Market, Average Highest, Blended Market, Blended Highest, Average Blended Market or Average Blended Highest.

“**Valuation Time**” means such time as is specified in the applicable Final Terms.

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

“**Weighted Average Quotation**” means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of any Deliverable Obligation with an outstanding principal balance of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

CHAPTER 7 – INFLATION LINKED NOTES

TERMS AND CONDITIONS OF INFLATION LINKED NOTES

The following terms and conditions apply to Inflation Linked Notes issued by the Issuer and comprise the Terms and Conditions of the Notes set out in Chapter 2 (the “**Base Conditions**”), the specific terms and conditions set out below (the “**Inflation Linked Conditions**”), any of the specific terms and conditions set out in Chapters 3, 4, 5, 8, 9, 10 and 11 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 12 (if applicable), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Inflation Linked Conditions set out below, the Inflation Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Inflation Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the relevant Final Terms not having occurred prior to the Maturity Date or any other applicable date specified in the Final Terms, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

“**Final Valuation Date**” means:

- a) if Averaging is not specified as being applicable in the Final Terms, the Expiration Date; or
- b) if Averaging is specified as being applicable in the Final Terms, each of the Averaging Dates.

“**Initial Valuation Date**” means the Strike Date. “**Settlement Price**” means the Final Index Level.

2. Interest

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the relevant Final Terms not having occurred prior to the Maturity Date or any other applicable date specified in the Final Terms, for the purposes of Base Condition 3(f) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

“**Final Interest Reference Level**” means the Index Level reported for the Final Index Level Month specified in the Final Terms;

“**Final Interest Valuation Date**” means:

- a) if Averaging is not specified as being applicable in the Final Terms, the Final Interest Valuation Date specified in the Final Terms; or

- b) if Averaging is specified as being applicable in the Final Terms, each of the Interest Averaging Dates;

“**Initial Interest Reference Level**” means the Index Level reported for the Initial Index Level Month specified in the Final Terms.

3. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Averaging Date(s)**” means, if Averaging Dates is specified as applicable in the relevant Final Terms, each of the dates specified as such in the relevant Final Terms, subject to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms.

“**AUD – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Index of Consumer Prices for Weighted Average of Eight Capital Cities: All – Groups Index before Seasonal Adjustment”, or relevant Successor Index, measuring the rate of inflation in Australia, expressed as an index and published by the relevant Index Sponsor.

“**AUS – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index (2005)”, or relevant Successor Index, measuring the rate of inflation in Austria, expressed as an index and published by the relevant Index Sponsor.

“**AUS – Non-revised Harmonised Indices of Consumer Prices (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices (2005)”, or relevant Successor Index, measuring the rate of inflation in Austria, expressed as an index and published by the relevant Index Sponsor.

“**Base Level**” means the Index Level (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the Reference Month for which the Substitute Index Level is being determined.

“**BLG – Non-revised Consumer Price Index—General Index (CPI)**” means the “Non-revised Consumer Price Index—General Index”, or relevant Successor Index, measuring the rate of inflation in Belgium, expressed as an index and published by the relevant Index Sponsor.

“**BLG – Non-revised Consumer Price Index—Health Index (CPI)**” means the “Non-revised Consumer Price Index—Health Index”, or relevant Successor Index, measuring the rate of inflation in Belgium, expressed as an index and published by the relevant Index Sponsor.

“**BLG – Non-revised Harmonised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Belgium, expressed as an index and published by the relevant Index Sponsor.

“**BRL – Non-revised Consumer Price Index (IPCA)**” means the “Non-revised Extensive National Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Brazil, expressed as an index and published by the relevant Index Sponsor.

“**BRL – Non-revised Price Index (IGP-M)**” means the “IGP-M General Price Index”, or relevant Successor Index, measuring the rate of inflation in Brazil, expressed as an index and published by the relevant Index Sponsor.

“**CAD – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Canada, expressed as an index and published by the relevant Index Sponsor.

“**Change in Law**” means that, on or after the earlier of the Strike Date and Issue Date, as applicable, (or as otherwise set forth in the relevant Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that it 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).

“**CLP – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Chile, expressed as an index and published by the relevant Index Sponsor.

“**CNY – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in China, expressed as an index and published by the relevant Index Sponsor.

“**Cut-Off Date**” means, in respect of a Determination Date, the number of Business Days specified in the relevant Final Terms prior to such Determination Date.

“**CZK – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Price Index”, or relevant Successor Index, measuring the rate of inflation in the Czech Republic, expressed as an index and published by the relevant Index Sponsor.

“**DKK – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Denmark, expressed as an index and published by the relevant Index Sponsor.

“**DKK – Harmonised-Non-revised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Denmark, expressed as an index and published by the relevant Index Sponsor.

“**Delayed Index Level Event**” means, in respect of any Determination Date, that the Index Sponsor fails to publish or announce the level of the Index (the “Relevant Level”) in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time prior to the Cut-Off Date.

“**DEM – Non-revised Consumer Price Index (CPI)**” means the “Non-revised All Items Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Germany, expressed as an index and published by the relevant Index Sponsor.

“**DEM – Non-revised Consumer Price Index for North Rhine-Westphalia**” means the “Nonrevised Index of Consumer Prices for North Rhine-Westphalia”, or relevant Successor Index, measuring the rate of inflation in North Rhine-Westphalia, Germany, expressed as an index and published by the relevant Index Sponsor.

“**DEM – Non-revised Harmonised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Germany, expressed as an index and published by the relevant Index Sponsor.

“**Determination Date**” means the Strike Date, the Expiration Date, any Averaging Date, any Interest Averaging Date, any Observation Date, the Maturity Date or any other date designated in the relevant Final Terms.

“**ESP – Harmonised-Non-revised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices including Tobacco”, or relevant Successor Index, measuring the rate of inflation in Spain expressed as an index and published by the relevant Index Sponsor.

“**ESP – Harmonised-Revised Consumer Price Index (HICP)**” means the Harmonised Index of Consumer Prices including Tobacco”, or relevant Successor Index, measuring the rate of inflation in Spain expressed as an index and published by the relevant Index Sponsor.

“**ESP – National-Non-revised Consumer Price Index (CPI)**” means the “Non-revised Index of Consumer Prices including Tobacco”, or relevant Successor Index, measuring the rate of inflation in Spain expressed as an index and published by the relevant Index Sponsor.

“**ESP – National-Revised Consumer Price Index (CPI)**” means the “Year on Year Revised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Spain, expressed as an annual percentage and published by the relevant Index Sponsor.

“**EUR – All Items-Non-revised Consumer Price Index**” means the “Non-revised Harmonised Index of Consumer Prices All Items”, or relevant Successor Index, measuring the rate of inflation in the European Monetary Union expressed as an index and published by the relevant Index Sponsor.

“**EUR – All Items-Revised Consumer Price Index**” means the “Revised Harmonised Index of Consumer Prices All Items”, or relevant Successor Index, measuring the rate of inflation in the European Monetary Union expressed as an index and published by the relevant Index Sponsor.

“**EUR – Excluding Tobacco-Non-revised Consumer Price Index**” means the “Non-revised Index of Consumer Prices excluding Tobacco”, or relevant Successor Index, measuring the rate of inflation in the European Monetary Union excluding tobacco, expressed as an index and published by the relevant Index Sponsor.

“**Expiration Date**” means the date specified as such in the relevant Final Terms, subject to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms.

“**Fallback Bond**” means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same day as the Maturity Date, (b) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select

the Fallback Bond from those inflationlinked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

“**FIN – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Finland, expressed as an index and published by the relevant Index Sponsor.

“**FIN – Harmonised-Non-revised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Finland, expressed as an index and published by the relevant Index Sponsor.

“**Final Index Level**” means the Index Level at the Valuation Time, as calculated and published by the Index Sponsor on (A) if Averaging is not specified as being applicable in the Final Terms, the Expiration Date or (B) if Averaging is specified as being applicable in the Final Terms, on an Averaging Date or Interest Averaging Date, as the case may be, in each case as determined by the Calculation Agent.

“**Final Index Level Month**” has the meaning given in the applicable Final Terms.

“**FRC – Excluding Tobacco-Non-Revised Consumer Price Index**” means the “Non-revised Index of Consumer Prices excluding Tobacco”, or relevant Successor Index, measuring the rate of inflation in France excluding tobacco expressed as an index and published by the relevant Index Sponsor.

“**FRC – Harmonised-Non-revised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in France, expressed as an index and published by the relevant Index Sponsor.

“**GBP – Non-revised Retail Price Index (UKRPI)**” means the “Non-revised Retail Price Index All Items in the United Kingdom”, or relevant Successor Index, measuring the all items rate of inflation in the United Kingdom expressed as an index and published by the relevant Index Sponsor.

“**GBP – Harmonised-Non-revised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in the United Kingdom, expressed as an index and published by the relevant Index Sponsor.

“**GBP – Non-revised Retail Price Index Excluding Mortgage Interest Payments (UKRPIX)**” means the “Non-revised Retail Price Index Excluding Mortgage Interest Payments in the United Kingdom”, or relevant Successor Index, measuring the all items rate of inflation in the United Kingdom expressed as an index and published by the relevant Index Sponsor.

“**GRD – Harmonised-Non-revised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Greece expressed as an index and published by the relevant Index Sponsor.

“**GRD – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Greece expressed as an index and published by the relevant Index Sponsor.

“**HKD – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Hong Kong, expressed as an index and published by the relevant Index Sponsor.

“**HUF – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Hungary, expressed as an index and published by the relevant Index Sponsor.

“**IDR – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Indonesia, expressed as an index and published by the relevant Index Sponsor.

“**ILS – Non-revised Consumer Price Index (CPI)**” means the “Consumer Price Index-General”, or relevant Successor Index, measuring the rate of inflation in Israel, expressed as an index and published by the relevant Index Sponsor.

“**Index**” means the index specified in the relevant Final Terms, or any Successor Index.

“**Index Cancellation**” means a level for the Index has not been published or announced for the number of consecutive months specified in the Final Terms and/or the Index Sponsor cancels the Index and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and no Successor Index exists.

“**Index Level**” means the level of the Index or any Substitute Index Level, as determined by the Calculation Agent.

“**Index Modification**” means the Index Sponsor announces that it will make (in the opinion of the Issuer) a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index.

“**Index Sponsor**” means either (x) the index sponsor specified in the Final Terms or such other corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index failing whom such person acceptable to the Calculation Agent who calculates and announces the Index or any agent or person acting on behalf of such person or (y) if no such index sponsor is specified in the Final Terms, then the corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index failing whom such person acceptable to the Calculation Agent who calculates and announces the Index or any agent or person acting on behalf of such person.

“**Initial Index Level Month**” has the meaning given in the applicable Final Terms.

“**Interest Averaging Date(s)**” means, if Interest Averaging Dates is specified as applicable in the relevant Final Terms, each of the dates specified as such in the relevant Final Terms, subject to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms.

“**IRL – Non-revised Consumer Price Index (CPI)**” means the “Consumer Price Index-All Items”, or relevant Successor Index, measuring the rate of inflation in Ireland, expressed as an index and published by the relevant Index Sponsor.

“**IRL – Harmonised-Non-revised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices—All Items”, or relevant Successor Index, measuring the rate of inflation in Ireland, expressed as an index and published by the relevant Index Sponsor.

“**ISK – Harmonised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Iceland, expressed as an index and published by the relevant Index Sponsor.

“**ISK – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Iceland, expressed as an index and published by the relevant Index Sponsor.

“**TTL – Inflation for Blue Collar Workers and Employees-Excluding Tobacco Consumer Price Index**” means the “Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI) senza tabacchi”, or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor.

“**TTL – Inflation for Blue Collar Workers and Employees-Including Tobacco Consumer Price Index**” means the “Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI) con tabacchi”, or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor.

“**TTL – Non-revised Harmonised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Italy, expressed as an index and published by the relevant Index Sponsor.

“**TTL – Whole Community – Excluding Tobacco Consumer Price Index**” means the “Indice nazionale dei prezzi al consumo per l’intera collettività (NIC) senza tabacchi” or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor.

“**TTL – Whole Community – Including Tobacco Consumer Price Index**” means the “Indice nazionale dei prezzi al consumo per l’intera collettività (NIC) con tabacchi”, or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor.

“**JPY – Non-revised Consumer Price Index Nationwide General Excluding Fresh Food (CPI)**” means the “Non-revised Consumer Price Index Nationwide General Excluding Fresh Food”, or relevant Successor Index, measuring the rate of inflation excluding fresh food in Japan, expressed as an index and published by the relevant Index Sponsor.

“**KRW – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in South Korea, expressed as an index and published by the relevant Index Sponsor.

“**Latest Level**” means the latest Index Level (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the Reference Month in respect of which the Substitute Index Level is being determined.

“**LUX – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Luxembourg, expressed as an index and published by the relevant Index Sponsor.

“**LUX – Harmonised-Non-revised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Luxembourg, expressed as an index and published by the relevant Index Sponsor.

“**MXN – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Mexico, expressed as an index and published by the relevant Index Sponsor.

“**MXN – Unidad de Inversion Index (UDI)**” means the “Unidad de Inversion Index”, or relevant Successor Index, reporting the daily peso value of an Unidad de Inversion (an “UDI”), expressed as an index and published by the relevant Index Sponsor.

“**MYR – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Malaysia, expressed as an index and published by the relevant Index Sponsor.

“**NLG – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in the Netherlands, expressed as an index and published by the relevant Index Sponsor.

“**NLG – Harmonised-Non-revised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in the Netherlands, expressed as an index and published by the relevant Index Sponsor.

“**NOK – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index—All Items”, or relevant Successor Index, measuring the rate of inflation in Norway, expressed as an index and published by the relevant Index Sponsor.

“**NZD – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in New Zealand, expressed as an index and published by the relevant Index Sponsor.

“**Observation Date**” means, if specified as applicable in the relevant Final Terms, each date, if any, set forth in the relevant Final Terms, subject to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms.

“**Observation Period**” has the meaning ascribed to it in the relevant Final Terms.

“**PER – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Peru, expressed as an index and published by the relevant Index Sponsor.

“**PLN – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Price Indices of Consumer Goods and Services”, or relevant Successor Index, measuring the rate of inflation in Poland, expressed as an index and published by the relevant Index Sponsor.

“**POR – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Portugal, expressed as an index and published by the relevant Index Sponsor.

“**POR – Harmonised-Non-revised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Portugal, expressed as an index and published by the relevant Index Sponsor.

“**Rebased Index**” has the meaning given to it in Base Condition 4(1)(v) of the Base Conditions.

“**Reference Level**” means the Index Level (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the Reference Month that is 12 calendar months prior to the Reference Month in respect of the Latest Level.

“**Reference Month**” means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which the Index Level was reported is a period other than a month, the Reference Month shall be the period for which the Index Level was reported.

“**Related Bond**” means, if specified as applicable in the relevant Final Terms, means the bond specified as such in the relevant Final Terms or, if specified as applicable in the relevant Final Terms and no bond is specified therein, the Fallback Bond.

“**Related Bond Redemption Event**” means, if specified as applicable in the relevant Final Terms, at any time prior to the Maturity Date, (i) the Related Bond is redeemed, repurchased or cancelled, (ii) the Related Bond becomes repayable prior to its stated date of maturity for whatever reason, or (iii) the issuer of the Related Bond announces that the Related Bond will be redeemed, repurchased or cancelled prior to its stated date of maturity.

“**Relevant Level**” has the meaning given to it in the definition of Delayed Index Level Event.

“**RUB – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Russia, expressed as an index and published by the relevant Index Sponsor.

“**SEK – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Sweden, expressed as an index and published by the relevant Index Sponsor.

“**SGD – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Singapore, expressed as an index and published by the relevant Index Sponsor.

“**Strike Date**” means the date (if any) specified as such in the Final Terms, subject to Base Condition 4(i) of the Base Conditions.

“**SWF – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Switzerland, expressed as an index and published by the relevant Index Sponsor.

“**Successor Index**” has the meaning given to it in Base Condition 4(i) of the Base Conditions.

“**Substitute Index Level**” means, in respect of a Delayed Index Level Event, the index level determined by the Issuer in accordance with Base Condition 4(i) of the Base Conditions.

“**TRY – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Turkey, expressed as an index and published by the relevant Index Sponsor.

“**TWD – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Consumer Price Index”, or relevant Successor Index, measuring the rate of inflation in Taiwan, expressed as an index and published by the relevant Index Sponsor.

“**USA – Non-revised Consumer Price Index – Urban (CPI-U)**” means the “Non-revised index of Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment”, or relevant Successor Index, measuring the rate of inflation in the United States expressed as an index and published by the relevant Index Sponsor.

“**ZAR – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in South Africa, expressed as an index and published by the relevant Index Sponsor.

“**ZAR – Non-revised Consumer Price Index Excluding Mortgages (CPIX)**” means the “Nonrevised Index of Consumer Prices excluding Mortgage”, or relevant Successor Index, measuring the rate of inflation excluding mortgages in South Africa, expressed as an index and published by the relevant Index Sponsor.

Any other Index used to measure the inflation shall be defined in the applicable Final Terms.

4. Delay in Publication

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

“(i) Delay in Publication

If the Calculation Agent determines that a Delayed Index Level Event has occurred with respect to any Determination Date, then the Index Level with respect to any Reference Month which is to be utilised in any calculation or determination to be made by the Calculation Agent and/or the Issuer with respect to such Determination Date (the “**Substitute Index Level**”) shall be determined by the Calculation Agent (subject to Base Condition 4(k)(ii) of the Base Conditions) as follows:

- (i) if Related Bond is specified as applicable in the relevant Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the Related Bond; or

- (ii) if (I) Related Bond is specified as not applicable in the relevant Final Terms, or (II) the Calculation Agent is not able to determine a Substitute Index Level under (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

Substitute Index Level = Base Level x (Latest Level/Reference Level).

The Issuer shall promptly give notice to the holders of the Notes in accordance with Base Condition 12 of the Base Conditions of any Substitute Index Level.”.

5. Successor Index

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

“(j) Successor Index

If the Calculation Agent determines that the level of an Index is not calculated and announced by the Index Sponsor for two consecutive months and/or the Index Sponsor announces that it will not longer continue to publish or announce the Index and/or the Index Sponsor cancels the Index then the Calculation Agent shall determine a successor index (a “**Successor Index**”) (in lieu of any previously applicable Index) for the purposes of the Notes as follows:

- (i) if the Index Sponsor announces that it will no longer publish or announce the Index but that it will be superseded by a replacement Index specified by the Index Sponsor, and the Calculation Agent determines that such replacement Index is calculated using the same or a substantially similar formula or method of calculation as used in the calculation of the Index, such replacement index shall be designated a “Successor Index”;
- (ii) if (i) above does not apply and if Related Bond is specified as applicable in the Final Terms, the successor index (if any) designated pursuant to the terms and conditions of the Related Bond and such successor index shall be designated a “Successor Index”; or
- (iii) if (i) above does apply and if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent shall determine an appropriate alternative index and such index will be deemed a “Successor Index”; or
- (iv) if the Calculation Agent determines that neither (i), (ii) nor (iii) above apply, there will be deemed to be no Successor Index and an Index Cancellation will be deemed to have occurred.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Index shall be deemed to replace the Index for the purposes of the Notes. Notice of the determination of a Successor Index, the effective date of the Successor Index or the occurrence of an Index Cancellation will be given to holders of the Notes by the Issuer in accordance with Base Condition 12 of the Base Conditions.”.

6. Adjustments

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(k) as follows:

“(k) Adjustments and Currency

(i) Successor Index

If a Successor Index is determined in accordance with Base Condition 4(i) of the Base Conditions, the Issuer may make any adjustment or adjustments (without limitation) to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation Agent deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(ii) Substitute Index Level

If the Calculation Agent determines a Substitute Index Level in accordance with Base Condition 4(j) of the Base Conditions, the Issuer may make any adjustment or adjustments (without limitation) to (I) the Substitute Index Level determined in accordance with Base Condition 4(i) of the Base Conditions and/or (II) the Final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes, in each case, as the Calculation Agent deems necessary.

The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(iii) Index Level Adjustment Correction

(I) The first publication or announcement of the Index Level (disregarding estimates) by the Index Sponsor for any Reference Month shall be final and conclusive and, subject to Base Condition 4(k)(iii)(II) of the Base Conditions, later revisions to the level for such Reference Month will not be used in any calculations, save that in respect of the EUR-All Items-Revised Consumer Price Index, the ESP-National- Revised Consumer Price Index (CPI) and the ESP-Harmonised-Revised Consumer Price Index HCPI, revisions to the Index Level which are published or announced up to and including the day that is two Business Days prior to any relevant Determination Date will be valid and the revised Index Level for the relevant Reference Month will be deemed to be the final and conclusive Index Level for such Reference Month. The Issuer shall give notice to the holders of the Notes of any valid revision in accordance with Base Condition 12 of the Base Conditions.

(II) If, within thirty days of publication or at any time prior to a Determination Date in respect of which an Index Level will be used in any calculation or determination in respect of such Determination Date, the Calculation Agent determines that the Index Sponsor has corrected the Index Level to correct an error which the Calculation Agent determines is material, the Issuer may make any adjustment to the Final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation Agent deems appropriate as a result of such correction and/or determine the amount (if any) that is payable as a result of that correction. The Issuer shall give notice to the holders of the Notes of any such adjustment and/or amount in accordance with Base Condition 12 of the Base Conditions.

(III) If a Relevant Level is published or announced at any time after the Cut-Off Date in respect of a Determination Date in respect of which a Substitute Index Level was determined, the Calculation Agent may either (A) determine that such Relevant Level shall not be used in any calculation or determination under the Notes and that the Substitute Index Level shall be deemed to be the definitive Index Level for the relevant Reference Month, or (B) request the

Issuer to make any adjustment to the Final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as it deems appropriate as a result of the announcement or publication of the Relevant Level and/or determine the amount (if any) that is payable as a result of such publication or announcement. The Issuer shall give notice to the holders of the Notes of any determination in respect of (A) or (B), together with any adjustment or amount in respect thereof, in accordance with Base Condition 12 of the Base Conditions.

(iv) Currency

If the Calculation Agent determines that any event occurs affecting the Relevant Currency (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer), the Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes as the Calculation Agent deems necessary.

The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(v) Rebasing

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the “**Rebased Index**”) will be used for purposes of determining the Index Level from the date of such rebasing; provided, however, that the Issuer may make (A) if Related Bond is specified as applicable in the relevant Final Terms, any adjustments as are made pursuant to the terms and conditions of the Related Bond, if any, to the past levels of the Rebased Index so that the Rebased Index levels prior to the date of rebasing reflect the same rate of inflation as before the rebasing, and/or (B) if Related Bond is specified as not applicable in the relevant Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent may make such adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased, and in each case the Issuer may make any adjustment(s) to the Final Redemption Amount, interest payable under the Notes (if any) and/or any other term of the Notes as the Calculation Agent may deem necessary. If the Calculation Agent determines that neither (A) nor (B) above would produce a commercially reasonable result, the Issuer may redeem each Note on a date notified by the Issuer to Noteholders in accordance with Base Condition 12 of the Base Conditions at its fair market value as determined by the Calculation Agent (unless otherwise provided in the relevant Final Terms) as at the date of redemption taking into account the rebasing, less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any financial instruments or transactions entered into by the Issuer in connection with the Note, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such financial instruments or transactions. Notice of any adjustment, redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(vi) Index Modification

(I) If, on or prior to the Cut-Off Date in respect of any Determination Date, the Calculation Agent determines that an Index Modification has occurred the Issuer may (A) if Related Bond is specified as applicable in the relevant Final Terms, make any adjustments to the Index, any

Index Level and/or any other relevant term of the Notes (including, without limitation, the Final Redemption Amount and/or interest payable under the Notes (if any)), consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, or (B) if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred, make only those adjustments to the Index, any Index Level and/or any other term of the Notes (including, without limitation, the Final Redemption Amount and/or interest payable under the Notes (if any)), as the Calculation Agent deems necessary for the modified Index to continue as the Index and to account for the economic effect of the Index Modification.

- (II) If the Calculation Agent determines that an Index Modification has occurred at any time after the Cut-Off Date in respect of any Determination Date, the Issuer may determine either to ignore such Index Modification for the purposes of any calculation or determination made by the Calculation Agent with respect to such Determination Date, in which case the relevant

Index Modification will be deemed to have occurred with respect to the immediately succeeding Determination Date such that the provisions of (I) above will apply, or, notwithstanding that the Index Modification has occurred following the Cut-Off Date, to make any adjustments as the Calculation Agent deems fit in accordance with (I) above.

(vii) Change in Law

If the Calculation Agent determines that a Change in Law has occurred, the Issuer may redeem each Note on the date notified by the Issuer to Noteholders in accordance with Base Condition 12 of the Base Conditions at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Change in Law, less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any financial instruments or transactions entered into by the Issuer in connection with the Note, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such financial instruments or transactions. Notice of any redemption of the Notes shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(viii) Index Cancellation

If the Calculation Agent determines that an Index Cancellation has occurred, the Issuer may redeem each Note on the date notified by the Issuer to Noteholders in accordance with Base Condition 12 of the Base Conditions at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Index Cancellation, less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any financial instruments or transactions entered into by the Issuer in connection with the Note, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such financial instruments or transactions. Notice of any redemption of the Notes pursuant to this paragraph shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.”

7. Index Disclaimer

The Notes are not sponsored, endorsed, sold or promoted by the Index or the Index Sponsor and the Index Sponsor has made no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in

negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. The Index Sponsor has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the Issuer nor the Calculation Agent shall have any liability to any person for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index.

Neither the Issuer nor the Calculation Agent has any affiliation with or control over the Index or the Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Issuer and the Calculation Agent will obtain information concerning the Index from publicly available sources they believe to be reliable, they will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

8. Related Bond Disclaimer

The Notes are not sponsored, endorsed, sold or promoted by the issuer of the Related Bond and the issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the performance of the Related Bond and/or any amendments, adjustments or modifications to the terms and conditions of the Related Bond, and/or as to the results to be obtained from the use of any value or index level determined or derived with respect to the Related Bond or otherwise. The issuer of the Related Bond shall not be liable (whether in negligence or otherwise) to any person for any error in the index level or any value determined or derived with respect to the Related Bond and such issuer is under no obligation to advise any person of any error with respect thereto. The issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the issuer of the Related Bond nor any calculation agent in respect thereof shall have any liability to any person for any act or failure to act in connection with the Related Bond.

CHAPTER 8 – COMMODITY LINKED NOTES

PART (A): TERMS AND CONDITIONS OF NOTES LINKED TO A SINGLE COMMODITY OR COMMODITY FUTURE

The following terms and conditions apply to Notes linked to a single commodity or commodity future issued by the Issuer and comprise the Terms and Conditions of the Notes set out in Chapter 2 (the “**Base Conditions**”), the specific terms and conditions set out below (the “**Single Commodity Linked Conditions**”), any of the specific terms and conditions set out in Chapters 3, 4, 5, 7, 9, 10 and 11 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 12 (if applicable), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Single Commodity Linked Conditions, the Single Commodity Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Single Commodity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 5(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount payable per Note in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

“**Final Valuation Date**” means

(A) if Averaging is not specified as being applicable in the Final Terms, the Pricing Date; or

(B) if Averaging is specified as being applicable in the Final Terms, each of the Averaging Dates;

“**Initial Valuation Date**” means the Strike Date.

“**Settlement Price**” means the Commodity Reference Price.

2. Interest

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the relevant Final Terms not having occurred prior to the Maturity Date or any other applicable date specified in the Final Terms, for the purposes of Base Condition 3(f) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

“**Final Interest Valuation Date**” means

(A) if Averaging is not specified as being applicable in the Final Terms, the Pricing Date; or

(B) if Averaging is specified as being applicable in the Final Terms, each of the Interest Averaging Dates;

“**Interest Settlement Price**” means the Commodity Reference Price.

2. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Additional Disruption Event**” means a Change in Law, a Hedging Disruption and/or such other event (if any) specified in the Final Terms.

“**Affected Commodity**” has the meaning given to it in Base Condition 4(i) of the Base Conditions.

“**Aluminium**” means high-grade primary aluminium.

“**Aluminium – COMEX**” means that the price for a Calculation Date will be that day’s Specified Price per pound of Aluminium on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by the COMEX on that Calculation Date.

“**Aluminium-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Aluminium on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

“**Argus**” means the Argus Crude Report, or any successor publication, published by Argus Media Limited or its successor.

“**Automatic Early Redemption Amount**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

“**Automatic Early Redemption Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

“**Automatic Early Redemption Event**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each event specified as such in the Final Terms.

“**Automatic Early Redemption Valuation Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Commodity Business Day or a Bullion Business Day in respect of the Specified Commodity, as applicable, the next following Commodity Business Day or a Bullion Business Day, as applicable, in respect of the Specified Commodity, in each case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

“**Averaging Dates**” means each of the dates set forth in the Final Terms, if any, or if any such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity the next following Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Bullion**” means Gold, Silver, Platinum or Palladium, as the case may be.

“**Bullion Business Day**” means, in respect of any Commodity Linked Notes for which the Specified Commodity is Bullion, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York and in the location where payment is to be made.

“**Bullion Reference Dealers**” means, with respect to any Bullion for which the relevant Commodity Reference Price is “Commodity Reference Dealers”, the four major dealers that are the members of the LBMA specified in the Final Terms, or if no such Bullion Reference Dealers are specified, as selected by the Calculation Agent, in each case, acting through their principal London offices.

“**Calculation Agent Determination**” means that the Calculation Agent will determine the Commodity Reference Price (or a method for determining the Commodity Reference Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that in good faith it deems relevant.

“**Calculation Date**” means the Strike Date, the Pricing Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier Observation Date or any Redemption Barrier Observation Date or any other date on which the Commodity Reference Price is required to be calculated, as the case may be.

“**Change in Law**” means that on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, tax authority and/or any exchange) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction (including, without limitation, the Commodity Futures Trading Commission or any relevant exchange or trading facility) of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:

- (X) it has (or it expects that it will) become illegal for the Issuer, the Guarantor or any of its affiliates, to (i) to hold, acquire or dispose of the Commodity or to enter into transactions on or relating to the Commodity (including without limitation, futures contracts) or (ii) perform its obligations under the Notes; or
- (Y) the Issuer, the Guarantor or any of its affiliates would (or would expect to) incur a materially increased cost in (i) holding, acquiring or disposing of the Commodity, (ii) maintaining, entering into or unwinding any Hedging Arrangement, and/or (iii) 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).

“**COMEX**” means the COMEX Divisions, or its successor, of the New York Mercantile Exchange, Inc., or its successor.

“**Commodity**” means the commodity specified in the relevant Commodity Reference Price, or otherwise the Specified Commodity.

“**Commodity Business Day**” means (a) in respect of the Specified Commodity (provided the Specified Commodity is not Bullion) if the Commodity Reference Price is a price announced or published by an Exchange, a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time; and (b) in respect of the Specified Commodity (provided the Specified Commodity is not Bullion) if the Commodity Reference Price is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price.

“**Commodity Reference Dealers**” means that the price for a Calculation Date will be determined on the basis of quotations provided by Reference Dealers or Bullion Reference Dealers, as applicable, on that Calculation Date of that day’s Specified Price for a unit of the relevant Commodity for delivery on the Delivery Date, if applicable. If four quotations are provided as requested, the price for that Calculation Date will be the arithmetic mean of the Specified Prices for that Commodity provided by each Reference Dealer or Bullion Reference Dealer, as applicable, without regard to the Specified Prices having the highest and lowest values. If exactly three quotations are provided as requested, the price for that Calculation Date will be the Specified Price provided by the relevant Reference Dealer or Bullion Reference Dealer that remains after disregarding the Specified Prices having the highest and lowest values.

For this purpose, if more than one quotation has the same highest value and lowest value, then the Specified Price of one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the price for the Calculation Date cannot be determined.

“**Commodity Reference Price**” means the reference price or spot price for the Specified Commodity specified in the Final Terms.

“**Copper**” means copper-grade A.

“**Copper-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Copper on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

“**Copper-COMEX**” means that the price for a Calculation Date will be that day’s Specified Price per pound of high grade copper on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by COMEX on that Calculation Date.

“**Delayed Publication or Announcement**” means, in respect of the Affected Commodity, that the Relevant Commodity Price for the relevant Calculation Date will be determined based on the Specified Price in respect of the original day scheduled as such Calculation Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day or Bullion Business Day, as applicable, on which the relevant Market Disruption Event ceases to

exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Calculation Date) or the Relevant Commodity Price continues to be unavailable for two consecutive Commodity Business Days or Bullion Business Days, as applicable. In that case, the next Disruption Fallback specified in the Final Terms will apply. If, as a result of a delay pursuant to Delayed Publication or Announcement, a Relevant Commodity Price is unavailable to determine the Final Redemption Amount by the date falling two Business Days prior to the Scheduled Maturity Date, then the Maturity Date will be delayed by the same number of Commodity Business Days or Bullion Business Days, as the case may be, as was the determination of each Relevant Commodity Price provided that the Maturity Date shall not be any earlier than the second Business Day after the date that the Relevant Commodity Price of the Affected Commodity is determined in accordance with the provisions of hereof.

“**Delivery Date**” means, in respect of a Commodity Reference Price, the Nearby Month of expiration of the relevant Futures Contract or the relevant date or month for delivery of the underlying (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (A) if a date is, or a month and year are, specified in the Final Terms, that date or that month and year;
- (B) if a Nearby Month is specified in the Final Terms, the month of expiration of the relevant Futures Contract; and
- (C) if a method is specified for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method,

as determined by the Calculation Agent.

“**Disappearance of Commodity Reference Price**” means, in respect of a Relevant Commodity Price, (A) the permanent discontinuation of trading in the Futures Contract on the relevant Exchange; (B) the disappearance of, or of trading in, the Specified Commodity; or (C) the disappearance or permanent discontinuance or unavailability of the relevant Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or Specified Commodity.

“**Disruption Fallback**” means, any of Fallback Reference Dealers, Fallback Reference Price, Postponement, Calculation Agent Determination and Delayed Publication or Announcement, specified to be applicable in the Final Terms and in the order specified in the Final Terms.

“**Exchange**” means, in respect of the Specified Commodity, the exchange or principal trading market specified in the definition of Commodity Reference Price.

“**Fallback Reference Dealers**” means that the Relevant Commodity Price, in respect of an Affected Commodity, will be determined in accordance with the Commodity Reference Price, “Commodity-Reference Dealers”.

“**Fallback Reference Price**” means that the Calculation Agent will determine the Relevant Commodity Price, in respect of an Affected Commodity, based on the price for the relevant Calculation Date of the first alternate Commodity Reference Price, if any, specified in the Final Terms and not subject to a Market Disruption Event.

“**Futures Contract**” means, in respect of any Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity referred to in that Commodity Reference Price (if any).

“**Gold**” means gold bars or unallocated gold complying with the rules of the LBMA relating to good delivery and fineness from time to time in effect.

“**Gold-A.M. Fix**” means that the price for a Calculation Date will be that day’s morning Gold fixing price per troy ounce of Gold for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. Dollars, as determined by the London Gold Market and displayed on Reuters Screen page “GOFO” that displays prices effective on that Calculation Date.

“**Gold-P.M. Fix**” means that the price for a Calculation Date will be that day’s afternoon Gold fixing price per troy ounce of Gold for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. Dollars, as calculated by the London Gold Market and displayed on Reuters Screen page “GOFO” that displays prices effective on that Calculation Date.

“**Gold-COMEX**” means that the price for a Calculation Date will be that day’s Specified Price per troy ounce of gold on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. Dollars, as made public by the COMEX on that Calculation Date.

“**Hedging Arrangement**” means any hedging arrangements entered into by the Issuer, the Guarantor and/or its affiliates at any time with respect to the Notes, including without limitation the purchase and/or sale of any Commodity and any associated foreign exchange transactions.

“**Hedging Disruption Event**” means, (i) any event in connection with which the Issuer, the Guarantor or any of its affiliates is (or would be) unable, after using commercially reasonable efforts to hold, acquire or dispose of any Commodity or to enter into, maintain, re-establish or unwind any Hedging Arrangement; (ii) any event in connection with which the Issuer, the Guarantor or any of its affiliates is (or would be) unable, after using commercially reasonable efforts to realise, recover or remit the proceeds of any Commodity and/or Hedging Arrangement; and/or (iii) any other event specified as such in the applicable Final Terms. “**Interest Averaging Dates**” means each of the dates set forth in the Final Terms, if any, or if any such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity the next following Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity, in each case subject to Base Condition 4(i) of the Base Conditions.

“**LBMA**” means the London Bullion Market Association or its successor.

“**Lead**” means standard lead.

“**Lead-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Lead on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

“**LME**” means The London Metal Exchange Limited or its successor.

“**LPPM**” means the London Platinum and Palladium Market or its successor.

“**Market Disruption Event**” means the occurrence, with respect to the Specified Commodity, of a Price Source Disruption, a Trading Disruption, a Disappearance of Commodity Reference Price, a Tax Disruption, a Material Change in Content or a Material Change in Formula or an Early Closure if so specified in the Final Terms.

“**Material Change in Content**” means the occurrence since the Issue Date of a material change in the content, composition or constitution of the Specified Commodity or relevant Futures Contract.

“**Material Change in Formula**” means the occurrence since the Issue Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

“**Nearby Month**”, when preceded by a numerical adjective, means, in respect of a Delivery Date and/or Calculation Date, the month of expiration of the Futures Contract identified by that numerical adjective, so that: (i) “First Nearby Month” means the month of expiration of the first Futures Contract to expire following that date; (ii) “Second Nearby Month” means the month of expiration of the second Futures Contract to expire following that date; and, for example, (iii) “Sixth Nearby Month” means the month of expiration of the sixth Futures Contract to expire following that date.

“**Nickel**” means primary nickel.

“**Nickel-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Nickel on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

“**NYMEX**” means the NYMEX Division, or its successor, of the New York Mercantile Exchange, Inc. or its successor.

“**Observation Date**” means each date, if any, specified as such in the Final Terms, or if any such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity the next following Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity.

“**Observation Period**” has the meaning given to it in the Final Terms.

“**Oil**” means West Texas Intermediate light sweet crude oil.

“**OIL-WTI-Argus**” means that the price for a Calculation Date will be that day’s Specified Price per barrel of Oil for delivery on the applicable Delivery Date, stated in U.S. Dollars, published under the heading “Key Crude Assessments: Houston 17.00 hrs: Cash WTI” in the issue of Argus that reports prices effective on that Calculation Date.

“**Oil-WTI-Platts Marketwire**” means that the price for a Calculation Date will be that day’s Specified Price per barrel of Oil, stated in U.S. Dollars, published under the heading “US Domestic, Delivered US Gulf and Latin America spot assessments: WTI (delivery month)” in the issue of Platts Marketwire that reports prices effective on that Calculation Date.

“**Oil-WTI-NYMEX**” means that the price for a Calculation Date will be that day’s Specified Price per barrel of Oil on the NYMEX of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Calculation Date.

“**Ounce**” means, in the case of Gold, a fine troy ounce, and in the case of Silver, Platinum and Palladium, a troy ounce.

“**Palladium**” means palladium ingots or plate or unallocated palladium complying with the rules of the LPPM relating to good delivery and fineness from time to time in effect.

“**Platinum**” means ingots or plate or unallocated platinum complying with the rules of the LPPM relating to good delivery and fineness from time to time in effect.

“**Platts Marketwire**” means Platts Crude Oil Marketwire, or any successor publication published by The McGraw-Hill Companies Inc. or its successor.

“**Postponement**” means, with respect to the Specified Commodity, that the Calculation Date will be deemed, for purposes of the application of this Disruption Fallback, to be the first succeeding Commodity Business Day or Bullion Business Day, as applicable, on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist for two consecutive Commodity Business Days or Bullion Business Days, as applicable, (measured from and including the original day that would otherwise have been the Calculation Date). In that case, the next applicable Disruption Fallback specified will apply. If, as a result of a postponement pursuant to this provision, a Relevant Commodity Price is unavailable to determine the Final Redemption Amount by the date falling two Business Days prior to the Scheduled Maturity Date, then the Maturity Date will be postponed by the same number of Commodity Business Days or Bullion Business Days as was the determination of each Relevant Commodity Price, provided that the Maturity Date shall not be any earlier than the second Business Day after the date that the Relevant Commodity Price of the Affected Commodity is determined in accordance with the provisions of these Single Commodity Linked Conditions.

“**Price Materiality Percentage**” means the percentage specified in the Final Terms (if any).

“**Pricing Date**” means the date specified in the Final Terms, provided that if the Pricing Date is not a Commodity Business Day in respect of the Specified Commodity (unless the Specified Commodity is Bullion) or a Bullion Business Day (if the Specified Commodity is Bullion), the Pricing Date shall be adjusted in accordance with the Following Business Day Convention, in each case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

“**Price Source**” means, in respect of the Specified Commodity, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the relevant Commodity Reference Price.

“**Price Source Disruption**” means, in respect of the Specified Commodity, (A) the failure of the relevant Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price of such Specified Commodity) for the relevant Commodity Reference Price; (B) the temporary or permanent discontinuance or unavailability of the Price Source; (C) if the Commodity Reference Price is “Commodity Reference Dealers”, the failure to obtain at least three quotations as requested from the relevant Reference Dealers; or (D) if a Price Materiality Percentage is specified in the Final Terms, the Specified Price for the relevant Commodity Reference Price differs from the Specified Price determined in accordance with the Commodity Reference Price “Commodity Reference Dealers” by such Price Materiality Percentage.

“**Reference Dealers**” means, other than in respect of Bullion, for which the relevant Commodity Reference Price is “Commodity Reference Dealers”, the four dealers specified in the Final Terms or, if dealers are not so specified, four leading dealers in the relevant market selected by the Calculation Agent.

“**Relevant Commodity Price**” means the price determined on any day for the specified Commodity Reference Price.

“**Scheduled Maturity Date**” means the date specified in the Final Terms.

“**Silver**” means silver bars or unallocated silver complying with the rules of the LBMA relating to good delivery and fineness from time to time in effect.

“**Silver-COMEX**” means that the price for a Calculation Date will be that day’s Specified Price per troy ounce of Silver on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by the COMEX on that Calculation Date.

“**Silver-Fix**” means that the price for a Calculation Date will be that day’s Silver fixing price per troy ounce of Silver for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. cents, as calculated by the London Silver Market and displayed on Reuters Screen page “SIFO” that displays prices effective on that Calculation Date.

“**Specified Commodity**” means, the commodity or commodity future specified in the Final Terms.

“**Specified Price**” means, in respect of a Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the Final Terms.

“**Strike Date**” means the date (if any) specified as such in the Final Terms, or if such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect the Specified Commodity, the next following Commodity Business Day or Bullion Business Day, as applicable, in respect the Specified Commodity, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Strike Price**” means the price (if any) specified as such in the Final Terms.

“**Tax Disruption**” means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to the relevant Commodity or Futures Contract (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Commodity Reference Price on the day that would otherwise be a Calculation Date from what it would have been without that imposition, change or removal.

“**Tin-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Tin on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the

LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

“**Trading Disruption**” means, in respect of the Specified Commodity, the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or such Specified Commodity on the relevant Exchange. For these purposes:

- (i) a suspension of the trading in the relevant Futures Contract or the Specified Commodity on any Commodity Business Day or Bullion Business Day, as applicable, shall be deemed to be material only if:
 - (A) all trading in the relevant Futures Contract or the Specified Commodity is suspended for the entire Calculation Date; or
 - (B) all trading in the relevant Futures Contract or the Specified Commodity is suspended subsequent to the opening of trading on the Calculation Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Specified Commodity on such Calculation Date, and such suspension is announced less than one hour preceding its commencement; and
- (ii) a limitation of trading in the relevant Futures Contract or the Specified Commodity on any Commodity Business Day or Bullion Business Day, as applicable, shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract or the Specified Commodity may fluctuate and the closing or settlement price of the relevant Futures Contract or the Specified Commodity on such day is at the upper or lower limit of that range.

“**Zinc**” means special high grade zinc.

“**Zinc-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Zinc on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

3. Disruption Fallback

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

“(i) Disruption Fallback

If the Calculation Agent determines, in its sole and absolute discretion, that a Market Disruption Event has occurred or exists on a day which is a Calculation Date in respect of the Specified Commodity (the “**Affected Commodity**”), the Commodity Reference Price of the Specified Commodity in respect of such Calculation Date shall be determined in accordance with the first applicable Disruption Fallback specified in the Final Terms.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Market Disruption Event has occurred on any relevant Calculation Date, payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is commoditylinked), as the case may be, shall be

postponed to the later of (i) the Maturity Date, the Automatic Early Redemption Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the postponed Calculation Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(i) of the Base Conditions.

The Issuer shall give notice to the holders of the Notes, in accordance with Condition 12 of the Base Conditions, of the occurrence of a Market Disruption Event if it results in a delay in the determination of a Commodity Reference Price and the postponement of any payment in respect of the Notes.”.

4. Adjustments

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

“(j) Adjustments and Additional Disruption Events,

(i) Adjustments

If the Calculation Agent determines in respect of any Relevant Commodity Price, that the price published or announced and used or to be used by the Calculation Agent in any calculation or determination made or to be made in respect of the Notes is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within three Business Days (or such other period specified in the Final Terms) after the original publication or announcement, the Calculation Agent will determine, in its sole and absolute discretion, the amount (if any) that is payable following that correction, and, whether any adjustment to the terms and conditions of the Notes is required to account for such correction. If, the Calculation Agent determines that an adjustment to the terms and conditions is required, the Issuer will as soon as reasonably practicable adjust the terms and conditions of the Notes to account for such correction.

(ii) Currency

If the Calculation Agent determines that any event occurs affecting the Relevant Currency or the currency in which the Specified Commodity and/or Futures Contracts and/or Commodity Reference Prices are quoted, listed and/or dealt in on the relevant Price Source and/or Exchange (whether relating to the convertibility of any such currency into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer and the amount of interest payable, if any), the Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(iii) Additional Disruption Events

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may (i) make such adjustment or adjustments to any relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary and/or (ii) redeem each Note at its fair market value (as

determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangements, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangements. Notice of any determination made pursuant to this paragraph and/or any adjustment and/or redemption of the Notes shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(iv) Change in currency

If, at any time after the Issue Date, there is any change in the currency in which the Specified Commodity and/or Futures Contracts and/or any relevant Commodity Reference Price are quoted, listed and/or dealt on the relevant Price Source and/or Exchange, then the Issuer will adjust such of the terms and conditions of the Notes as the Calculation Agent determines appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this section will affect the currency denomination of any payment obligation arising out of the Notes.”.

5. Automatic Early Redemption

For the purposes of the Notes, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(k) as follows:

“(k) Automatic Early Redemption:

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then 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 or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount.”.

6. Prescription

For the avoidance of doubt, Base Condition 7 of the Base Conditions shall apply to the Notes.

**PART (B): TERMS AND CONDITIONS OF NOTES LINKED TO A BASKET OF
COMMODITIES OR COMMODITY FUTURES**

The terms and conditions applicable to Notes linked to a basket of commodities and/or commodity futures issued by the Issuer under the unconditional and irrevocable guarantee of the Guarantor shall comprise the Terms and Conditions of the Notes set out in Chapter 2 (the “**Base Conditions**”), the specific terms and conditions set out below (the “**Basket Commodity Linked Conditions**”) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 12 (if applicable), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Basket Commodity Linked Conditions, the Basket Commodity Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Basket Commodity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount payable per Note in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula, for which purposes:

“**Final Valuation Date**” means:

- (i) if Averaging is not specified as being applicable in the Final Terms, the Pricing Date; or
- (ii) if Averaging is specified as being applicable in the Final Terms, each of the Averaging Dates,

“**Initial Valuation Date**” means the Strike Date.

“**Settlement Price**” means the Commodity Reference Price.

2. Interest

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount payable per Note in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula, for which purposes:

“**Final Interest Valuation Date**” means:

- (i) if Averaging is not specified as being applicable in the Final Terms, the Pricing Date; or
- (ii) if Averaging is specified as being applicable in the Final Terms, each of the Interest Averaging Dates,

“**Interest Settlement Price**” means the Commodity Reference Price.

3. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Additional Disruption Event**” means a Change in Law, a Hedging Disruption and/or such other event (if any) specified in the Final Terms.

“**Affected Commodity**” has the meaning given to it in Base Condition 4(i) of the Base Conditions.

“**Aluminium**” means high-grade primary aluminium.

“**Aluminium – COMEX**” means that the price for a Calculation Date will be that day’s Specified Price per pound of Aluminium on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by the COMEX on that Calculation Date.

“**Aluminium-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Aluminium on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

“**Argus**” means the Argus Crude Report, or any successor publication, published by Argus Media Limited or its successor.

“**Automatic Early Redemption Amount**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

“**Automatic Early Redemption Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

“**Automatic Early Redemption Event**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each event specified as such in the Final Terms.

“**Automatic Early Redemption Valuation Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Commodity Business Day or a Bullion Business Day, in respect of any Component, the next following day that is a Commodity Business Day or a Bullion Business Day, as applicable, in respect of all Components, in each case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

“**Averaging Dates**” means each of the dates set forth in the Final Terms, if any, or if any such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of each Component, the next following day which is a Commodity Business Day or Bullion Business Day, as applicable, in respect of all Components, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Basket**” means, a basket comprised of two or more commodities and/or commodity futures as specified in the Final Terms in the relative proportions specified in the Final Terms.

“**Bullion**” means Gold, Silver, Platinum or Palladium, as the case may be.

“**Bullion Business Day**” means, in respect of any Commodity Linked Notes where the related Basket includes a Bullion Component, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York and in the location where payment is to be made.

“**Bullion Component**” means, in respect of any Commodity Linked Notes and a related Basket, each component of such Basket which comprises Bullion.

“**Bullion Reference Dealers**” means, with respect to any Bullion for which the relevant Commodity Reference Price is “Commodity Reference Dealers”, the four major dealers that are the members of the LBMA specified in the Final Terms, or if no such Bullion Reference Dealers are specified, as selected by the Calculation Agent, in each case, acting through their principal London offices.

“**Calculation Date**” means the Strike Date, the Pricing Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier Observation Date or any Redemption Barrier Observation Date or any other date on which the Commodity Reference Price is required to be calculated, as the case may be.

“**Calculation Agent Determination**” means that the Calculation Agent will determine the relevant Commodity Reference Price (or a method for determining the relevant Commodity Reference Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that in good faith it deems relevant.

“**Change in Law**” means that on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, tax authority and/or any exchange) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction (including, without limitation, the Commodity Futures Trading Commission or any relevant exchange or trading facility) of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:

- (X) it has (or it expects that it will) become illegal for the Issuer, the Guarantor or any of its affiliates, to (i) to hold, acquire or dispose of any of any Component or to enter into transactions on or relating to any Component (including without limitation, futures contracts) or (ii) perform its obligations under the Notes; or
- (Y) the Issuer, the Guarantor or any of its affiliates would (or would expect to) incur a materially increased cost in (i) holding, acquiring or disposing of any of any Component, (ii) maintaining, entering into or unwinding any Hedging Arrangement, and/or (iii) 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).

“**COMEX**” means the COMEX Divisions, or its successor, of the New York Mercantile Exchange, Inc., or its successor.

“**Commodity**” means, in respect of each Component, the commodity specified in the relevant Commodity Reference Price, or otherwise the relevant Component.

“**Commodity Business Day**” means (a) in respect of any Component (other than a Bullion Component) for which the Commodity Reference Price is a price announced or published by an Exchange, a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time; and (b) in respect of any Component (other than a Bullion Component) for which the Commodity Reference Price is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price.

“**Commodity Reference Dealers**” means that the price for a Calculation Date will be determined on the basis of quotations provided by Reference Dealers or Bullion Reference Dealers, as applicable, on that Calculation Date of that day’s Specified Price for a unit of the relevant Commodity for delivery on the Delivery Date, if applicable. If four quotations are provided as requested, the price for that Calculation Date will be the arithmetic mean of the Specified Prices for that Commodity provided by each Reference Dealer or Bullion Reference Dealer, as applicable, without regard to the Specified Prices having the highest and lowest values. If exactly three quotations are provided as requested, the price for that Calculation Date will be the Specified Price provided by the relevant Reference Dealer or Bullion Reference Dealer that remains after disregarding the Specified Prices having the highest and lowest values. For this purpose, if more than one quotation has the same highest value and lowest value, then the Specified Price of one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the price for the Calculation Date cannot be determined.

“**Commodity Reference Price**” means, in respect of each Component, the reference price or spot price for the relevant Component specified in the Final Terms. “Component” means, in respect of any Commodity Linked Notes and the related Basket, each or any of the commodities or commodity futures included in such Basket, including any Bullion Component.

“**Component Weight**” means the percentage or other value specified in the relevant Final Terms.

“**Copper**” means copper-grade A.

“**Copper-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Copper on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

“**Copper-COMEX**” means that the price for a Calculation Date will be that day’s Specified Price per pound of high grade copper on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by COMEX on that Calculation Date.

“**Delayed Publication or Announcement**” means, in respect of an Affected Commodity, that the Relevant Commodity Price for the relevant Calculation Date will be determined based on the Specified Price in respect of the original day scheduled as such Calculation Date that is published or

announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day or Bullion Business Day, as applicable, on which the relevant Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Calculation Date) or the Relevant Commodity Price continues to be unavailable for two consecutive Commodity Business Days or Bullion Business Days, as applicable. In that case, the next Disruption Fallback specified in the Final Terms will apply. If, as a result of a delay pursuant to Delayed Publication or Announcement, a Relevant Commodity Price is unavailable to determine the Final Redemption Amount by the date falling two Business Days prior to the Scheduled Maturity Date, then the Maturity Date will be delayed by the same number of Commodity Business Days or Bullion Business Days, as the case may be, as was the determination of each Relevant Commodity Price provided that the Maturity Date shall not be any earlier than the second Business Day after the date that each Relevant Commodity Price of each Affected Commodity is determined in accordance with the provisions of hereof.

“**Delivery Date**” means, in respect of a Commodity Reference Price, the Nearby Month of expiration of the relevant Futures Contract or the relevant date or month for delivery of the underlying (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (A) if a date is, or a month and year are, specified in the Final Terms, that date or that month and year;
- (B) if a Nearby Month is specified in the Final Terms, the month of expiration of the relevant Futures Contract; and
- (C) if a method is specified for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method, as determined by the Calculation Agent.

“**Disappearance of Commodity Reference Price**” means, in respect of a Relevant Commodity Price, (A) the permanent discontinuation of trading in the relevant Futures Contract on the relevant Exchange; (B) the disappearance of, or of trading in, the relevant Component; or (C) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the relevant Component.

“**Disruption Fallback**” means, any of Fallback Reference Dealers, Fallback Reference Price, Postponement, Calculation Agent Determination and Delayed Publication or Announcement, specified to be applicable in the Final Terms and in the order specified in the Final Terms.

“**Exchange**” means, in respect of the relevant Component, the exchange or principal trading market specified in the relevant definition of Commodity Reference Price.

“**Fallback Reference Dealers**” means that the Relevant Commodity Price, in respect of an Affected Commodity, will be determined in accordance with the Commodity Reference Price, “Commodity-Reference Dealers”.

“**Fallback Reference Price**” means that the Calculation Agent will determine the Relevant Commodity Price, in respect of an Affected Commodity, based on the price for the relevant Calculation Date of the first alternate Commodity Reference Price, if any, specified in the Final Terms and not subject to a Market Disruption Event.

“**Futures Contract**” means, in respect of any Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity referred to in that Commodity Reference Price (if any).

“**Gold**” means gold bars or unallocated gold complying with the rules of the LBMA relating to good delivery and fineness from time to time in effect.

“**Gold-A.M. Fix**” means that the price for a Calculation Date will be that day’s morning Gold fixing price per troy ounce of Gold for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. Dollars, as determined by the London Gold Market and displayed on Reuters Screen page “GOFO” that displays prices effective on that Calculation Date.

“**Gold-P.M. Fix**” means that the price for a Calculation Date will be that day’s afternoon Gold fixing price per troy ounce of Gold for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. Dollars, as calculated by the London Gold Market and displayed on Reuters Screen page “GOFO” that displays prices effective on that Calculation Date.

“**Gold-COMEX**” means that the price for a Pricing Date or Averaging Date will be that day’s Specified Price per troy ounce of gold on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. Dollars, as made public by the COMEX on that Pricing Date or Averaging Date.

“**Hedging Arrangement**” means any hedging arrangements entered into by the Issuer, the Guarantor and/or its affiliates at any time with respect to the Notes, including without limitation the purchase and/or sale of any Component and any associated foreign exchange transactions.

“**Hedging Disruption Event**” means, (i) any event in connection with which the Issuer, the Guarantor or any of its affiliates is (or would be) unable, after using commercially reasonable efforts to hold, acquire or dispose of any Component or to enter into, maintain, re-establish or unwind any Hedging Arrangement; (ii) any event in connection with which the Issuer, the Guarantor or any of its affiliates is (or would be) unable, after using commercially reasonable efforts to realise, recover or remit the proceeds of any Component and/or Hedging Arrangement; and/or (iii) any other event specified as such in the applicable Final Terms.

“**Interest Averaging Dates**” means each of the dates set forth in the Final Terms, if any, or if any such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of each Component, the next following day which is a Commodity Business Day or Bullion Business Day, as applicable, in respect of all Components, in each case subject to Base Condition 4(i) of the Base Conditions.

“**LBMA**” means the London Bullion Market Association or its successor.

“**Lead**” means standard lead.

“**Lead-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Lead on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

“**LME**” means The London Metal Exchange Limited or its successor.

“**LPPM**” means the London Platinum and Palladium Market or its successor.

“**Market Disruption Event**” means the occurrence, with respect to any Component, of a Price Source Disruption, a Trading Disruption, a Disappearance of Commodity Reference Price, a Tax Disruption, a Material Change in Content or a Material Change in Formula or an Early Closure if so specified in the Final Terms.

“**Material Change in Content**” means the occurrence since the Issue Date of a material change in the content, composition or constitution of the relevant Component or relevant Futures Contract.

“**Material Change in Formula**” means the occurrence since the Issue Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

“**Nearby Month**”, when preceded by a numerical adjective, means, in respect of a Delivery Date and/or Calculation Date the month of expiration of the Futures Contract identified by that numerical adjective, so that: (i) “First Nearby Month” means the month of expiration of the first Futures Contract to expire following that date; (ii) “Second Nearby Month” means the month of expiration of the second Futures Contract to expire following that date; and, for example, (iii) “Sixth Nearby Month” means the month of expiration of the sixth Futures Contract to expire following that date.

“**Nickel**” means primary nickel.

“**Nickel-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Nickel on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

“**NYMEX**” means the NYMEX Division, or its successor, of the New York Mercantile Exchange, Inc. or its successor.

“**Observation Date**” means each date, if any, specified as such in the Final Terms, or if any such date is not a Commodity Business Day or Bullion Business Day in respect of all Components, as applicable, the next following day which is a Commodity Business Day or Bullion Business Day, as applicable, in respect of all Components.

“**Observation Period**” has the meaning ascribed to it in the Final Terms.

“**Oil**” means West Texas Intermediate light sweet crude oil.

“**OIL-WTI-Argus**” means that the price for a Calculation Date will be that day’s Specified Price per barrel of Oil for delivery on the applicable Delivery Date, stated in U.S. Dollars, published under the heading “Key Crude Assessments: Houston 17.00 hrs: Cash WTI” in the issue of Argus that reports prices effective on that Calculation Date.

“**Oil-WTI-Platts Marketwire**” means that the price for a Calculation Date will be that day’s Specified Price per barrel of Oil, stated in U.S. Dollars, published under the heading “US Domestic, Delivered US Gulf and Latin America spot assessments: WTI (delivery month)” in the issue of Platts Marketwire that reports prices effective on that Calculation Date.

“Oil-WTI-NYMEX” means that the price for a Calculation Date will be that day’s Specified Price per barrel of Oil on the NYMEX of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Calculation Date.

“Ounce” means, in the case of Gold, a fine troy ounce, and in the case of Silver, Platinum and Palladium, a troy ounce.

“Palladium” means palladium ingots or plate or unallocated palladium complying with the rules of the LPPM relating to good delivery and fineness from time to time in effect.

“Platts Marketwire” means Platts Crude Oil Marketwire, or any successor publication published by The McGraw-Hill Companies Inc. or its successor.

“Platinum” means ingots or plate or unallocated platinum complying with the rules of the LPPM relating to good delivery and fineness from time to time in effect.

“Postponement” means, with respect to any Component, that the Calculation Date will be deemed, for purposes of the application of this Disruption Fallback, to be the first succeeding Commodity Business Day or Bullion Business Day (as applicable) on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist for two consecutive Commodity Business Days or Bullion Business Days, as applicable, (measured from and including the original day that would otherwise have been the Calculation Date). In that case, the next applicable Disruption Fallback specified will apply. If, as a result of a postponement pursuant to this provision, a Relevant Commodity Price is unavailable to determine the Final Redemption Amount by the date falling two Business Days prior to the Scheduled Maturity Date, then the Maturity Date will be postponed by the same number of Commodity Business Days or Bullion Business Days as was the determination of the Relevant Commodity Price, provided that the Maturity Date shall not be any earlier than the second Business Day after the date that the Relevant Commodity Price of the Affected Commodity is determined in accordance with the provisions of these Basket Commodity Linked Conditions.

“Price Materiality Percentage” means the percentage specified in the Final Terms (if any).

“Price Source” means, in respect of each Component, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the relevant Commodity Reference Price.

“Price Source Disruption” means, in respect of any Component, (A) the failure of the relevant Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price of the relevant Component) for the relevant Commodity Reference Price; (B) the temporary or permanent discontinuance or unavailability of the Price Source; (C) if the Commodity Reference Price is “Commodity Reference Dealers”, the failure to obtain at least three quotations as requested from the relevant Reference Dealers; or (D) if a Price Materiality Percentage is specified in the Final Terms, the Specified Price for the relevant Commodity Reference Price differs from the Specified Price determined in accordance with the Commodity Reference Price “Commodity Reference Dealers” by such Price Materiality Percentage.

“Pricing Date” means the date specified in the Final Terms, provided that if the Pricing Date is not a Commodity Business Day in respect of any Component (unless the Component is Bullion) or a Bullion Business Day (if the Component is Bullion), the Pricing Date in respect of all the Components

shall be adjusted in accordance with the Following Business Day Convention, in each case subject to adjustments in accordance with Base Condition 4(i) of the Base Conditions.

“**Reference Dealers**” means, other than in respect of Bullion, for which the relevant Commodity Reference Price is “Commodity Reference Dealers”, the four dealers specified in the Final Terms or, if dealers are not so specified, four leading dealers in the relevant market selected by the Calculation Agent.

“**Relevant Commodity Price**” means the price determined on any day for the specified Commodity Reference Price.

“**Scheduled Maturity Date**” means the date specified in the Final Terms.

“**Silver**” means silver bars or unallocated silver complying with the rules of the LBMA relating to good delivery and fineness from time to time in effect.

“**Silver-COMEX**” means that the price for a Calculation Date will be that day’s Specified Price per troy ounce of Silver on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by the COMEX on that Calculation Date.

“**Silver-Fix**” means that the price for a Calculation Date will be that day’s Silver fixing price per troy ounce of Silver for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. cents, as calculated by the London Silver Market and displayed on Reuters Screen page “SIFO” that displays prices effective on that Calculation Date.

“**Specified Price**” means, in respect of a Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the Final Terms.

“**Strike Date**” means the date (if any) specified as such in the Final Terms, or if such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of each Component, the next following day which is a Commodity Business Day or Bullion Business Day in respect of all Components, in each case subject to adjustments in accordance with Base Condition 4(i) of the Base Conditions.

“**Strike Price**” means the price (if any) specified as such in the Final Terms.

“**Tax Disruption**” means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to the relevant Commodity or Futures Contract (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the relevant Commodity Reference Price on the day that would otherwise be a Calculation Date from what it would have been without that imposition, change or removal.

“**Tin-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Tin on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

“**Trading Disruption**” means, in respect of any Component, the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or the relevant Component on the relevant Exchange. For these purposes:

- (i) a suspension of the trading in the relevant Futures Contract or the relevant Component on any Commodity Business Day or Bullion Business Day (as applicable) shall be deemed to be material only if:
 - (A) all trading in the relevant Futures Contract or the relevant Component is suspended for the entire Calculation Date; or
 - (B) all trading in the relevant Futures Contract or the relevant Component is suspended subsequent to the opening of trading on the Calculation Date, trading does not recommence prior to the regularly scheduled close of trading in such relevant Futures Contract or such relevant Component on such Calculation Date, and such suspension is announced less than one hour preceding its commencement; and
- (ii) a limitation of trading in the relevant Futures Contract or the relevant Component on any Commodity Business Day or Bullion Business Day (as applicable) shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract or the relevant Component may fluctuate and the closing or settlement price of the relevant Futures Contract or the relevant Component on such day is at the upper or lower limit of that range.

“**Zinc**” means special high grade zinc.

“**Zinc-LME Cash**” means that the price for a Calculation Date will be that day’s Specified Price per tonne of Zinc on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Calculation Date.

4. Disruption Fallback

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

“(i) Disrupted Fallback

If the Calculation Agent determines, in its sole and absolute discretion, that a Market Disruption Event has occurred or exists on a day which is a Calculation Date in respect of any Component (such Component an “Affected Commodity”), the Commodity Reference Price of the Components which are not affected by the occurrence of a Market Disruption Event shall be determined on the scheduled Calculation Date and the Commodity Reference Price of any Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback specified in the Final Terms.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Market Disruption Event has occurred on any Calculation Date, payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is commoditylinked), as the case may be, shall be postponed to the later of (i) the Maturity Date, the Automatic Early Redemption Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the last postponed Calculation Date in respect of which the relevant Commodity Reference Price and/or relevant Relevant Commodity Price has been determined in respect of each Component. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(i) of the Base Conditions.

The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of the occurrence of a Market Disruption Event if it results in a delay in the determination of a Commodity Reference Price and the postponement of any payment in respect of the Notes.”.

5. Adjustments

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

“(j) Adjustments and Additional Disruption Events,

(i) Adjustments

If the Calculation Agent determines in respect of any Relevant Commodity Price, that the price published or announced and used or to be used by the Calculation Agent in any calculation or determination made or to be made in respect of the Notes is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within three Business Days (or such other period specified in the Final Terms) after the original publication or announcement, the Calculation Agent will determine, in its sole and absolute discretion, the amount (if any) that is payable following that correction, and, whether any adjustment to the terms and conditions of the Notes is required to account for such correction. If the Calculation Agent determines that an adjustment to the terms and conditions is required the Issuer will, as soon as reasonably practicable, adjust the terms and conditions of the Notes to account for such correction.

(ii) Currency

If the Calculation Agent determines that any event occurs affecting the Relevant Currency or the currency in which any Component and/or any relevant Futures Contract and/or any relevant Commodity Reference Price is quoted, listed and/or dealt in on the relevant Price Source and/or Exchange (whether relating to the convertibility of any such currency into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer and the amount of interest payable, if any), the Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the amount of interest

payable, if any) as it deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(iii) Additional Disruption Events

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may (i) make such adjustment or adjustments to any relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary and/or (ii) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangements, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangements. Notice of any determination made pursuant to this paragraph and/or any adjustment and/or redemption of the Notes shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(iv) Change in currency

If, at any time after the Issue Date, there is any change in the currency in which any Component and/or any relevant Futures Contract and/or any relevant Commodity Reference Price is quoted, listed and/or dealt on the relevant Price Source and/or Exchange, then the Issuer will adjust such of the terms and conditions of the Notes as the Calculation Agent determines appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this section will affect the currency denomination of any payment obligation arising out of the Notes.”.

6. Automatic Early Redemption

For the purposes of the Notes, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(k) as follows:

“(k) Automatic Early Redemption:

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then 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 or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount.”.

7. Prescription

For the avoidance of doubt, Base Condition 7 of the Base Conditions shall apply to the Notes.

CHAPTER 9 – DEBT LINKED NOTES

TERMS AND CONDITIONS OF NOTES LINKED TO DEBT INSTRUMENTS

The following terms and conditions apply to Debt Linked Notes issued by the Issuer and comprise the Terms and Conditions set out in Chapter 2 (the “**Base Conditions**”), the specific terms and conditions set out below (the “**Debt Linked Conditions**”), any of the specific terms and conditions set out in Chapters 3, 4, 5, 7, 8, 10 and 11 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 12 (if applicable), in each case subject to completion in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Debt Linked Conditions, the Debt Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Debt Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

“**Final Valuation Date**” means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Valuation Date; or
- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Averaging Dates;

“**Initial Valuation Date**” means the Strike Date;

“**Settlement Price**” means the Final Bid Price.

2. Interest

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions, the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

“**Final Interest Valuation Date**” means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Valuation Date; or

- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates;

“**Interest Settlement Price**” means the Final Bid Price.

2. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Automatic Early Redemption Amount**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

“**Automatic Early Redemption Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

“**Automatic Early Redemption Event**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (unless otherwise specified in the applicable Final Terms) that the Price per Share is, as specified in the applicable 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.

“**Automatic Early Redemption Price**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, the Price per Share specified as such or otherwise determined in the applicable Final Terms.

“**Automatic Early Redemption Rate**” means, in respect of any Automatic Early Redemption Date and if “Automatic Early Redemption” is specified as being applicable in the Final Terms, the rate specified as such in the applicable Final Terms.

“**Automatic Early Redemption Valuation Date(s)**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

“**Averaging Dates**” means each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Bid Price**” means the bid price for the Debt Instrument, including accrued but unpaid interest (if the Final Terms specify that Include Accrued Interest is applicable) or excluding accrued but unpaid interest (if the Final Terms specify that Include Accrued Interest is not applicable).

“**Calculation Date**” means the Strike Date, the Pricing Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier Observation Date or

any Redemption Barrier Observation Date or any other date on which the Final Bid Price is required to be calculated, as the case may be.

“**Debt Instrument**” means the debt instrument specified in the Final Terms as being the relevant Reference Item, or in respect of any Reference Item constituted by a Basket, one of the Components thereof.

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

“**Exchange**” means the Exchange specified in the Final Terms or otherwise the stock exchange on which the Debt Instruments are, in the determination of the Issuer, traded or quoted or any successor to such Exchange or quotation system or any substitute exchange or quotation system to which trading in the Debt Instruments has temporarily been relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Debt Instruments on such successor or substitute exchange or quotation system as on the original Exchange).

“**Final Bid Price**” means an amount equal to the Bid Price for a Debt Instrument as determined by or on behalf of the Calculation Agent by reference to the Bid Price for such Debt Instrument appearing on the Price Source at the Valuation Time on the relevant date, or if such price is not available, the arithmetic mean of the Bid Prices for such Debt Instrument at the Valuation Time on the relevant date, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Instrument, such Bid Prices to be expressed as a percentage of the nominal amount of the Debt Instrument.

“**Interest Averaging Dates**” means each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Market Disruption Event**” shall mean the suspension of or limitation imposed on trading either on any exchange on which the Debt Instruments or any of them (in the case of a Basket of Debt Instruments) are traded or on any exchange on which options contracts or futures contracts with respect to the Debt Instruments or any of them (in the case of a Basket of Debt Instruments) are traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

“**Reference Item**” has the meaning given in the Final Terms.

“**Strike Date**” means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

“**Valuation Time**” means the time specified in the applicable Final Terms.

“**Valuation Date**” means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

3. Disrupted Days

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

“(i) Disrupted Days

If the Calculation Agent determines that any Calculation Date in respect of the Debt Instruments is a Disrupted Day, then such Calculation 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 original date that, but for the determination by the Calculation Agent of the occurrence of a Disrupted Day, would have been the Strike Date, such Initial Interest Valuation Date, such Final Interest Valuation Date, the Expiration Date, such Averaging Date or Interest Averaging Date or such Automatic Early Redemption Valuation Date, as the case may be, is a Disrupted Day.

In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the relevant Calculation Date in respect of the Debt Instruments, notwithstanding the fact that such day is a Disrupted Day;
- (b) the Calculation Agent shall determine the price of a Debt Instruments as its good faith estimate of the price of a Debt Instruments that would have prevailed, but for the occurrence of a Disrupted Day, at the Valuation Time on that eighth Scheduled Trading Day; and/or
- (c) the Issuer may make any adjustment or adjustments to the Final Redemption Amount, Automatic Early Redemption Amount, the Final Bid Price, the Strike Price and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred on any relevant Calculation Date payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is share-linked), as the case may be, shall be postponed to the later of (i) the Maturity Date, the Automatic Early Redemption Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the postponed Calculation Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(i) of the Base Conditions.

The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes and/or any adjustment to any term of the Notes pursuant to this Base Condition 4(i).”

4. Replacement Events

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

“(j) Replacement Events

In the event that “Replacement of Debt Instruments” is specified as being applicable in the applicable Final Terms, if at any time the Calculation Agent determines that a Replacement

Event has occurred or is continuing with respect to a Debt Instrument (the “**Original Debt Instrument**”), the Calculation Agent may:

- (i) in respect of Notes relating to a single Debt Instrument, as soon as is practicable after such determination, replace the Original Debt Instrument for the purposes of the Notes with an appropriate alternative debt instrument (a “**Replacement Debt Instrument**”), as determined by the Calculation Agent and following any such replacement, the Calculation Agent may make any adjustments to any one or more of the Reference Item, the Final Bid Price and/or any of the other terms of the Base Conditions or these Specific Conditions and/or the applicable Final Terms as it deems appropriate to reflect such replacement; or
- (ii) in respect of Notes relating to a Basket of Debt Instruments, remove the Original Debt Instrument from the Basket with effect as soon as reasonably practicable and, as soon as reasonably practicable following the removal of the Original Debt Instrument, either:
 - (a) substitute the Original Debt Instrument with a Replacement Debt Instrument having the same Component Weight as the Original Debt Instrument or more than one Replacement Debt Instruments having individual Component Weights selected by the Calculation Agent and an aggregate Component Weight equal to the Original Debt Instrument; or
 - (b) if no Replacement Debt Instrument is available or if a Replacement Event has occurred in relation to each of the Replacement Debt Instruments, adjust the Component Weights of the remaining Debt Instruments in the Basket;

and following any such replacement or weight adjustment, the Calculation Agent may make any adjustments to any one or more of the Reference Item, the Final Bid Price, the relevant Component Weight and/or any of the other terms of these Conditions and/or the applicable Final Terms as it deems appropriate to reflect such replacement or weight adjustment; or

- (iii) redeem the Notes by giving notice to Noteholders in accordance with Base Condition 12. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note taking into account the Replacement Event, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Base Condition 12; or
- (iv) determine that the effect of the Replacement Event can be compensated by an adjustment to any one or more of the Reference Item Final Bid Price, Component Weight and/or any of the other terms of these Conditions and/or the applicable Final Terms and following any such determination, the Calculation Agent may make any such adjustments as it deems appropriate to reflect such compensation.

For these purposes, “**Replacement Event**” means:

- (A) a Debt Instrument matures;
- (B) a Debt Instrument becomes repayable (otherwise than at the option of the relevant obligor thereof in accordance with the terms of such Debt Instrument) or becomes capable of being declared due and payable prior to its stated date of maturity for whatever reason;
- (C) if a Debt Instrument becomes repayable at the option of the obligor thereof in accordance with the terms of such Debt Instrument,

in each case, prior to the Maturity Date.

5. Automatic Early Redemption

For the purposes of the Notes, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(k) as follows:

“(k) Automatic Early Redemption:

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then 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 or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount.”.

6. Prescription

For the avoidance of doubt, Base Condition 7 of the Base Conditions shall apply to the Notes.

CHAPTER 10 – UNDERLYING INTEREST RATE LINKED NOTES

TERMS AND CONDITIONS OF NOTES LINKED TO UNDERLYING INTEREST RATE

The following terms and conditions apply to Interest Rate Linked Notes issued by the Issuer and comprise the Terms and Conditions set out in Chapter 2 (the “**Base Conditions**”), the specific terms and conditions set out below (the “**Interest Rate Linked Conditions**”), any of the specific terms and conditions set out in Chapters 3, 4, 5, 7, 8 9 and 11 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 12 (if applicable), in each case subject to completion in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Interest Rate Linked Conditions, the Interest Rate Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Interest Rate Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Specified Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

“**Final Valuation Date**” means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Valuation Date; or
- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Averaging Dates;

“**Initial Valuation Date**” means the Strike Date;

“**Settlement Price**” means the Underlying Interest Rate.

2. Interest

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(e) of the Base Conditions, the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Specified Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

“**Final Interest Valuation Date**” means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Final Interest Valuation Date specified in the Final Terms; or

- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates;

“**Interest Settlement Price**” means the Underlying Interest Rate.

3. Determination of Underlying Interest Rate

In respect of each Underlying Interest Determination Date specified in the applicable Final Terms, the Underlying Reference Rate will be determined in the manner specified in the applicable Final Terms.

The Calculation Agent will, on or as soon as practicable after each date on which the Underlying Interest Rate is to be determined, determine the Underlying Interest Rate which will be the Underlying Reference Rate determined by the Calculation Agent in accordance with Interest Rate Linked Conditions 4 or 5, as the case may be, plus or minus (as indicated in the Final Terms) the Underlying Margin (if any) and subject to any Minimum Underlying Interest Rate or Maximum Underlying Interest Rate specified in the applicable Final Terms. The Calculation Agent will notify the Principal Paying Agent of the Underlying Reference Rate and the Underlying Interest Rate as soon as practicable after calculating the same.

4. Screen Rate Determination

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Underlying Reference Rate is to be determined, the Underlying Reference Rate will be determined by the Calculation Agent as follows:

- (A) if the Underlying Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Underlying Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Underlying Interest Determination Date;
- (B) in any other case, the Calculation Agent will determine the arithmetic mean of the Underlying Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Underlying Interest Determination Date;
- (C) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will determine the Underlying Reference Rate as the rate it determines would have prevailed but for such non-availability or other event acting in good faith and using its reasonable judgement.

5. ISDA Determination

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Underlying Reference Rate is to be determined, the Underlying Reference Rate will be the relevant Underlying ISDA Rate determined by the Calculation Agent. For the purposes of these Interest Rate Linked Conditions, the “**Underlying ISDA Rate**” 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 rate swap transaction if the Calculation Agent were acting as Calculation Agent (as defined under the ISDA Definitions) 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; and
- (c) the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the relevant Final Terms.

6. Minimum Underlying Interest Rate or Maximum Underlying Interest Rate

If the applicable Final Terms specifies a Minimum Underlying Interest Rate, then, in the event that the Underlying Interest Rate is less than such Minimum Underlying Interest Rate, the Underlying Interest Rate shall be such Minimum Underlying Interest Rate.

If the applicable Final Terms specifies a Maximum Underlying Interest Rate, then, in the event that the Underlying Interest Rate is greater than such Maximum Underlying Interest Rate, the Underlying Interest Rate shall be such Maximum Underlying Interest Rate.

7. Automatic Early Redemption

For the purposes of the Notes, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Condition 4(i) as follows:

“(i) Automatic Early Redemption:

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then 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 or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount.”.

8. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Automatic Early Redemption Amount**” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

“Automatic Early Redemption Date(s)” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms.

“Automatic Early Redemption Event” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, (unless otherwise specified in the applicable Final Terms) that the Final Price is, as specified in the applicable 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.

“Automatic Early Redemption Price” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, the Final Price specified as such or otherwise determined in the applicable Final Terms.

“Automatic Early Redemption Rate” means, in respect of any Automatic Early Redemption Date and if “Automatic Early Redemption” is specified as being applicable in the Final Terms, the rate specified as such in the applicable Final Terms.

“Automatic Early Redemption Valuation Date(s)” means, if “Automatic Early Redemption” is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Business Day, the next following Business Day.

“Averaging Dates” means each of the dates set forth in the Final Terms, if any, or if any such date is not a Business Day, the next following Business Day.

“Interest Averaging Dates” means each of the dates set forth in the Final Terms, if any, or if any such date is not a Business Day, the next following Business Day.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified as the Relevant Screen Page in the relevant Final Terms.

“Relevant Time” means, with respect to any Underlying Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms.

“Relevant Financial Centre” means, with respect to any Underlying Interest Rate to be determined on an Underlying Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms.

“Reference Item” has the meaning given in the Final Terms.

“Strike Date” means the date (if any) specified as such in the Final Terms, or if such date is not a Business Day, the next following Business Day.

“Underlying Interest Determination Date” has the meaning given in the Final Terms.

“Underlying Interest Rate” means the value of the Underlying Reference Rate determined by the Calculation Agent in accordance with Interest Rate Linked Conditions 4 or 5 above, as the case may be, plus or minus the (as indicated in the Final Terms) the Underlying Margin.

“Underlying Margin” has the meaning given in the Final Terms.

“**Underlying Reference Rate**” means the reference rate specified in the Final Terms as being the relevant Reference Item, or in respect of any Reference Item constituted by a Basket, one of the Components thereof.

“**Valuation Time**” means the time specified in the applicable Final Terms.

“**Valuation Date**” means the date (if any) specified as such in the Final Terms, or if such date is not a Business Day, the next following Business Day.

CHAPTER 11 – FX LINKED NOTES**TERMS AND CONDITIONS OF NOTES LINKED TO FX RATES**

The following terms and conditions apply to Notes linked to foreign exchange rates issued by the Issuer and comprise the Terms and Conditions of the Notes set out in Chapter 2 (the “**Base Conditions**”), the specific terms and conditions set out below (the “**FX Linked Conditions**”), any of the specific terms and conditions set out in Chapters 3, 4, 5, 7, 8 9 and 10 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 12 (if applicable), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the FX Linked Conditions, the FX Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the FX Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, on the Maturity Date the Issuer shall pay the Final Redemption Amount, which shall be an amount payable per Note in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

“**Final Valuation Date**” means the date indicated as such in the applicable Final Terms;

“**Initial Valuation Date**” means the date (if any) indicated as such in the applicable Final Terms.

“**Settlement Price**” means the Currency Price.

2. Interest

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions, the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

“**Interest Settlement Price**” means the Currency Price.

3. Definitions

“**Averaging Cut-Off Date**” means, in respect of an Averaging Date, the fifth FX Business Day immediately following the original date on which the final Averaging Date was scheduled to fall, or, if earlier, the FX Business Day falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Averaging Date, provided that the Averaging Cut-Off Date shall not fall prior to the original date on which such final Averaging Date was scheduled to fall.

“**Averaging Date**” means each Averaging Date specified in the applicable Final Terms, or, if that is not an FX Business Day the first following day which is an FX Business Day, or, if earlier the Averaging Cut-Off Date (such day, the “**Scheduled Averaging Date**” corresponding to such Averaging Date). If an Averaging Date falls on the Averaging Cut-Off Date, then, subject to the applicable Final Terms, the next applicable Disruption Fallback specified as a consequence of an FX Market Disruption Event shall apply (as if an FX Market Disruption Event had occurred), or, if none is specified, Calculation Agent Determination shall be deemed to apply.

“**Base Currency**” means the currency specified as such in the applicable Final Terms.

“**Calculation Agent Determination**” means, in respect of a Currency Price and any relevant day, that such Currency Price for such relevant day (or a method for determining such Currency Price) will be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant.

“**Currency Price**” means, in relation to each Note, the Currency Price specified in the applicable Final Terms, or if not so specified in the applicable Final Terms, in respect of each Subject Currency, an amount equal to the spot rate of exchange appearing on the FX Price Source at the Valuation Time on the relevant date for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

“**Currency-Reference Dealers**” means, in respect of any relevant day, that the Calculation Agent will request each of the Reference Dealers to provide a quotation of its rate at which it will buy one unit of the Base Currency in units of the Subject Currency at the applicable Valuation Time on such relevant day. If, for any such rate, at least two quotations are provided, the relevant rate will be the arithmetic mean of the quotations. If fewer than two quotations are provided for any such rate, the relevant rate will be the arithmetic mean of the relevant rates quoted by major banks in the relevant market, selected by the Calculation Agent at or around the applicable Valuation Time on such relevant day.

“**Disruption Fallback**” means, in respect of a Currency Price, Calculation Agent Determination, Currency-Reference Dealers, EM Fallback Valuation Postponement, EM Valuation Postponement, Fallback Reference Price, Other Published Sources and/or Postponement. The applicable Disruption Fallback in respect of a Currency Price shall be as specified in the applicable Final Terms, and if two or more Disruption Fallbacks are specified, unless otherwise provided in the Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Currency Price cannot be determined by applying one Disruption Fallback, then the next Disruption Fallback specified shall apply.

“**Fallback Reference Price(s)**” means, in respect of a Currency Price, that the Currency Price for the relevant date will be the alternate price source(s) specified in the applicable Final Terms for such Currency Price, applied in the order specified in the applicable Final Terms.

“**FX Business Day**” means, in respect of a Currency Price, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits), or but for the occurrence of an FX Market Disruption Event in respect of such Currency Price would have settled payments and been open for general

business, in each of the Specified Financial Centres for such Currency Price, as specified in the applicable Final Terms.

“**FX Disrupted Day**” means any FX Business Day on which a FX Market Disruption Event occurs.

“**FX Market Disruption Event**” means:

- (a) in respect of a Currency Price, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any FX Trading Suspension or Limitation and/or, if specified as applicable in the Final Terms, any Inconvertibility Event; and
- (b) if the applicable Final Terms provides that the EM Currency Provisions shall apply to a Currency Price, in respect of such Currency Price, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption, Price Materiality Event and/or, if specified as applicable in the Final Terms, any Inconvertibility Event and/or Non-Transferability Event.

“**FX Price Source(s)**” means, in respect of a Currency Price, the price source(s) specified in the applicable Final Terms for such Currency Price, or if the relevant rate is not published or announced by such FX Price Source at the relevant time, the successor or alternative price source or page/publication for the relevant rate as determined by the Calculation Agent in its sole and absolute discretion.

“**FX Price Source Disruption**” means it becomes impossible or otherwise impracticable to obtain and/or execute the relevant rate(s) required to calculate the Currency Price on the Averaging Date or Valuation Date or other relevant date, or, if different, the day on which rates for that Averaging Date or Valuation Date or other relevant date, as the case may be, would in the ordinary course be published or announced by the relevant FX Price Source.

“**FX Trading Suspension or Limitation**” means the suspension of and/or limitation of trading in the rate(s) required to calculate the relevant Currency Price in the Interbank Market provided that such suspension or limitation of trading is material in the opinion of the Calculation Agent.

“**Inconvertibility Event**” means the occurrence, as determined by the Calculation Agent in its sole and absolute discretion, of any action, event or circumstance whatsoever which, from a legal or practical perspective:

- (a) has the direct or indirect effect of hindering, limiting or restricting (i) the convertibility of the relevant Subject Currency into the Base Currency, or (ii) the transfer of the Subject Currency or the Base Currency to countries other than the countries for which the Subject Currency or the Base Currency, as the case may be, is the lawful currency (including without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions); and/or
- (b) results in the unavailability of any relevant Base Currency or Subject Currency in the interbank foreign exchange market in any Specified Financial Centre(s) in accordance with normal commercial practice.

“**Interbank Market**” means the over-the-counter foreign exchange spot market open continuously from and including 5.00 a.m., Sydney time, on a Monday in any week to and including 5.00 p.m., New York time, on the Friday of such week.

“**Maximum Days of Postponement**” means five (5) FX Business Days or such other number of FX Business Days (or other type of days) as specified in the applicable Final Terms.

“**Non-Transferability Event**” means the occurrence, as determined by the Calculation Agent in its sole and absolute discretion, of any event that generally makes it impossible to deliver (a) the Base Currency from accounts inside the Subject Currency Jurisdiction to accounts outside the Subject Currency Jurisdiction or (b) the Subject Currency between accounts inside the Subject Currency Jurisdiction or to a party that is a non-resident of the Subject Currency Jurisdiction.

“**Other Published Sources**” means, in respect of any relevant day, that the Calculation Agent will determine the Currency Price on such relevant day on the basis of the exchange rate for one unit of the Base Currency in terms of the Subject Currency published by available recognised financial information vendors (as selected by the Calculation Agent) other than the applicable FX Price Source, at or around the applicable Valuation Time on such relevant day.

“**Postponement**” means, in respect of a Valuation Date or an Averaging Date, if such day (or, if applicable, if the original day on which such Valuation Date or an Averaging Date, as the case may be, is scheduled to fall (as specified in the applicable Final Terms) is postponed on account of such original day not being an FX Business Day, such postponed day) is an FX Disrupted Day, then:

- (a) where the FX Linked Notes relate to a single Currency Price, such Valuation Date or Averaging Date, as the case may be, shall be the first succeeding FX Business Day that is not an FX Disrupted Day, unless the Calculation Agent determines that each of the consecutive FX Business Days equal in number to the Maximum Days of Postponement immediately following such Scheduled Valuation Date or Scheduled Averaging Date, as the case may be, is an FX Disrupted Day. In that case, (i) that last consecutive FX Business Day shall be deemed to be the Valuation Date or the Averaging Date, as the case may be (notwithstanding the fact that such day may be an FX Disrupted Day) and (ii) the next applicable Disruption Fallback shall apply; or
- (b) where the FX Linked Notes relate to a Basket of Currency Prices, such Valuation Date or Averaging Date, as the case may be, for each Currency Price not affected by the occurrence of an FX Disrupted Day shall be the Scheduled Valuation Date or Scheduled Averaging Date, as the case may be, and the Valuation Date for each Currency Price affected (each an “Affected Currency Price”) by the occurrence of an FX Disrupted Day shall be the first succeeding FX Business Day that is not an FX Disrupted Day relating to the Affected Currency Price, unless the Calculation Agent determines that each of the consecutive FX Business Days equal in number to the Maximum Days of Postponement immediately following such Scheduled Valuation Date or Scheduled Averaging Date, as the case may be, is an FX Disrupted Day. In that case for each Affected Currency Price, (i) that last consecutive FX Business Day shall be deemed to be the Valuation Date or the Averaging Date, as the case may be (notwithstanding the fact that such day may be an FX Disrupted Day) and (ii) the next applicable Disruption Fallback shall apply.

“**Price Materiality Event**” means, in respect of a Currency Price and a Valuation Date, Averaging Date or other relevant date, that the FX Price Source differs from the Fallback Reference Price by at least the Price Materiality Percentage (and if both an FX Price Source Disruption and a Price Materiality Event occur or exist on any day, it shall be deemed that an FX Price Source Disruption and not a Price Materiality Event occurred or existed on such day).

“**Price Materiality Percentage**” means the percentage specified as such in the applicable Final Terms.

“**Reference Dealers**” means, in respect of each Subject Currency, four leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent (or any other number of dealers as specified in the applicable Final Terms).

“**Specified Financial Centre(s)**” means the financial centre(s) specified in the applicable Final Terms.

“**Subject Currency**” means the currency specified as such in the applicable Final Terms.

“**Subject Currency Jurisdiction**” means the country for which the Subject Currency is the lawful currency.

“**Valuation Cut-Off Date**” means, in respect of a Valuation Date, the fifth FX Business Day immediately following the original date on which such Valuation Date was scheduled to fall, or, if earlier, the FX Business Day falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Valuation Date, provided that the Valuation Cut-Off Date shall not fall prior to the original date on which such Valuation Date was scheduled to fall.

“**Valuation Date**” means:

- (a) if the applicable Final Terms specifies that the EM Currency Provisions shall not apply to a Currency Price, each Valuation Date specified in the applicable Final Terms or if that is not an FX Business Day the first following day which is an FX Business Day, or, if earlier the Valuation Cut-Off Date (such day, the “**Scheduled Valuation Date**” corresponding to such Valuation Date). If a Valuation Date falls on the Valuation Cut-Off Date, then, subject to the applicable Final Terms, the first applicable Disruption Fallback specified as a consequence of an FX Market Disruption Event shall apply (as if an FX Market Disruption Event had occurred), or, if none is specified, Calculation Agent Determination shall be deemed to apply; or
- (b) if the applicable Final Terms specifies that the EM Currency Provisions shall apply to a Currency Price, each Valuation Date specified in the applicable Final Terms (the “**Scheduled Valuation Date**” in respect of such Currency Price, if such day is an FX Business Day for such Currency Price, or if such day is not an FX Business Day only by reason of being an Unscheduled Holiday for such Currency Price), or the immediately preceding FX Business Day for such Currency Price, as determined by the Calculation Agent (the “**Scheduled Valuation Date**” in respect of such Currency Price, if such day is not an FX Business Day and is not an Unscheduled Holiday for such Currency Price), provided that such Valuation

Date shall be subject to adjustment in accordance with Condition 3 and Condition 4 of these FX Linked Conditions.

“**Valuation Time**” means the Valuation Time specified in the applicable Final Terms.

4. Consequences of an FX Disrupted Day

If the Calculation Agent determines that any Valuation Date or Averaging Date is an FX Disrupted Day, then the Currency Price for such Valuation Date or Averaging Date will be determined in accordance with the terms of the first applicable Disruption Fallback. The applicable Final Terms may provide that one or more Disruption Fallbacks may apply to any Valuation Date or Averaging Date and that such applicable Disruption Fallbacks may apply concurrently or sequentially, in such manner as specified in the applicable Final Terms.

5. EM Currency Provisions: Unscheduled Holiday

(a) If the applicable Final Terms provides that the EM Currency Provisions shall apply to a Currency Price or Fallback Reference Price, as applicable, and any Valuation Date or Averaging Date, and that Unscheduled Holidays shall be applicable, then, if the Calculation Agent determines that the relevant Scheduled Valuation Date or Scheduled Averaging Date, as applicable (each, a “**Scheduled Reference Date**”), is an Unscheduled Holiday for such Currency Price or Fallback Reference Price, then the Valuation Date or Averaging Date shall be postponed to the first FX Business Day falling after the Scheduled Reference Date (the “**Adjusted Scheduled Reference Date**”), provided that if such first FX Business Day has not occurred on or before the last day of the Maximum Days of Deferral, then the next day after the Last Deferred Day that would have been an FX Business Day but for a Unscheduled Holiday shall be deemed to be the Adjusted Scheduled Reference Date.

(b) The following terms and expressions shall have the following meanings:

“**Last Deferred Day**” means, in respect of any postponement by a number of days equal to the Maximum Days of Deferral, the last day to which such day is postponed.

“**Maximum Days of Deferral**” means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

“**Unscheduled Holiday**” means, in respect of a Currency Price or Fallback Reference Price, as applicable, a day that is not an FX Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9.00 a.m., local time in the Specified Financial Centre in respect of such Currency Price or Fallback Reference Price, two FX Business Days prior to such day.

6. EM Currency Provisions: EM Valuation Postponement

If the applicable Final Terms provides that the EM Currency Provisions shall apply to a Currency Price (which term shall include, where the Final Terms provides that the prior applicable Disruption Fallback is “Fallback Reference Price”, the Currency Price determined using the applicable Fallback Reference Price) and any Valuation Date or Averaging Date, and that EM Valuation Postponement shall be applicable, then, if the Calculation Agent determines that the relevant Scheduled Reference

Date (if the Scheduled Reference Date is not an Unscheduled Holiday for the Currency Price) or the Adjusted Scheduled Reference Date (if the Scheduled Reference Date is an Unscheduled Holiday for the Currency Price) is an FX Disrupted Day, then such Valuation Date or Averaging Date shall be the first FX Business Day which is not an FX Disrupted Day unless an FX Market Disruption Event continues to exist (measured from such Scheduled Reference Date or Adjusted Scheduled Reference Rate, as applicable) for a consecutive number of calendar days equal to the Maximum Days of EM Valuation Postponement. In that case, the Currency Price will be determined on the next FX Business Day after the Maximum Days of EM Valuation Postponement in accordance with the next applicable Disruption Fallback as specified in the applicable Final Terms.

Where:

“**Maximum Days of EM Valuation Postponement**” means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

7. EM Currency Provisions: EM Fallback Valuation Postponement

If the applicable Final Terms provides that the EM Currency Provisions shall apply and that EM Fallback Valuation Postponement shall be applicable and where the Final Terms provides that the prior applicable Disruption Fallback is “Fallback Reference Price”, if the Calculation Agent determines that the Currency Price (as determined by reference to the applicable Fallback Reference Price) is not available on (a) the first FX Business Day following the end of the Maximum Days of EM Valuation Postponement (where an FX Market Disruption Event has occurred or exists in respect of the Currency Price throughout the Maximum Days of EM Valuation Postponement) or (b) on the Adjusted Scheduled Reference Date (where the Adjusted Scheduled Reference Date falls after the Last Deferred Day) then the Valuation Date or Averaging Date shall be the first succeeding FX Business Day which is not an FX Disrupted Day in respect of the Currency Price unless an FX Market Disruption Event continues to exist throughout the Fallback Maximum Period of Postponement. In that case, the Currency Price will be determined on the Last Fallback Postponement Date in accordance with the next applicable Disruption Fallback.

Where:

“**Fallback Maximum Period of Postponement**” means the period commencing on, and including:

(a) if an FX Market Disruption Event has occurred or exists in respect of the Currency Price throughout the Maximum Days of EM Valuation Postponement, the first FX Business Day following the end of the Maximum Days of EM Valuation Postponement; or

(b) if the Adjusted Scheduled Reference Date falls after the Last Deferred Day, the Adjusted Scheduled Reference Date, and ending on, and including, the third FX Business Day (or such other day as specified in the applicable Final Terms) following such date as specified in paragraphs (a) and (b) above, as applicable (such date, the “**Last Fallback Postponement Date**”).

8. EM Currency Provisions: Cumulative Events

If the applicable Final Terms provides that the EM Currency Provisions shall apply to a Currency Price and any Valuation Date or Averaging Date, and that Cumulative Events shall be applicable, then the total number of consecutive calendar days during which (a) such Valuation Date or Averaging

Date is deferred due to an Unscheduled Holiday, (b) an EM Valuation Postponement shall occur in respect of such Valuation Date or Averaging Date, or (c) an EM Fallback Valuation Postponement shall occur in respect of such Valuation Date or Averaging Date (or any combination of (a), (b) and (c)), shall not exceed the Maximum Days of Cumulative Postponement in the aggregate. Accordingly, (i) if such Valuation Date or Averaging Date is postponed by the number of calendar days equal to the Maximum Days of Cumulative Postponement owing to an EM Valuation Postponement or EM Fallback Valuation Postponement (or both), and an Unscheduled Holiday shall have occurred or be continuing on the day following the relevant Last Postponed Day that otherwise would have been an FX Business Day, then such day shall be deemed to be such Valuation Date or Averaging Date and (ii) if such Valuation Date or Averaging Date is postponed by the number of calendar days equal to the Maximum Days of Cumulative Postponement owing to Unscheduled Holidays, and on the first day after the Last Postponed Day, an applicable FX Market Disruption Event shall have occurred or be continuing, then the Currency Price in respect of such Valuation Date or Averaging Date or other relevant date shall be determined in accordance with the next applicable Disruption Fallback.

Where:

“**Last Postponed Day**” means, in respect of any postponement by a number of days equal to the Maximum Days of Cumulative Postponement, the last day to which such day is postponed; and

“**Maximum Days of Cumulative Postponement**” means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

9. Corrections to Published and Displayed Rates

- (a) In any case where a Currency Price is based on information obtained from the Reuters Monitor Money Rates Service, or any other financial information service, the Currency Price will be subject to the corrections, if any, to that information subsequently displayed by that source within one hour of the time when such rate is first displayed by such source, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.
- (b) Notwithstanding Condition 9(a) of these FX Linked Conditions, in any case where the Currency Price is based on information published or announced by any governmental authority in a relevant country, the Currency Price will be subject to the corrections, if any, to that information subsequently published or announced by that source within five calendar days of the relevant date, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.

10. Successor Currency

Where the applicable Final Terms specifies that “Successor Currency” is applicable in respect of a Currency Price, then:

- (a) each Subject Currency and Base Currency will be deemed to include any lawful successor currency to the Subject Currency or Base Currency (the “**Successor Currency**”);
- (b) if the Calculation Agent determines that on or after the Issue Date (or such other date as specified in the applicable Final Terms) but on or before any relevant date under the Notes on

which an amount may be payable, a country has lawfully eliminated, converted, redenominated or exchanged its currency in effect on the Issue Date or any Successor Currency, as the case may be (the “**Original Currency**”) for a Successor Currency, then for the purposes of calculating any amounts of the Original Currency or effecting settlement thereof, any Original Currency amounts will be converted to the Successor Currency by multiplying the amount of Original Currency by a ratio of Successor Currency to Original Currency, which ratio will be calculated on the basis of the exchange rate set forth by the relevant country of the Original Currency for converting the Original Currency into the Successor Currency on the date on which the elimination, conversion, redenomination or exchange took place, as determined by the Calculation Agent. If there is more than one such date, the date closest to such relevant date will be selected (or such other date as may be selected by the Calculation Agent in its sole and absolute discretion);

- (c) notwithstanding paragraph (b) above but subject to paragraph (d) below, the Calculation Agent may (to the extent permitted by the applicable law), in good faith and in its sole and absolute discretion, select such other exchange rate or other basis for the conversion of an amount of the Original Currency to the Successor Currency and, will make such adjustment(s) that it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms in respect of the Notes to account for such elimination, conversion, redenomination or exchange of the Subject Currency or Base Currency, as the case may be; and
- (d) notwithstanding the foregoing provisions, with respect to any Subject Currency or Base Currency that is substituted or replaced by the Euro, the consequences of such substitution or replacement will be determined in accordance with applicable law.

11. Rebasing of Notes

If the applicable Final Terms specifies that “Rebasing” is applicable, then if, on or prior to any Valuation Date or Averaging Date or any other relevant date, the Calculation Agent is unable to obtain a value for a Subject Currency (because the Subject Currency and/or Base Currency ceases to exist, or for any other reason other than a temporary disruption, as determined by the Calculation Agent), the Calculation Agent may rebase the Notes against another foreign exchange rate determined by the Calculation Agent, in its sole and absolute discretion, to be a comparable foreign exchange rate. If the Calculation Agent determines in its sole and absolute discretion that there is not such a comparable foreign exchange rate, the Issuer may take the action described in Condition 12(a)(ii)(A) of these FX Linked Conditions, provided that the words “the Additional Disruption Event” in Condition 12(a)(ii)(A) of these FX Linked Conditions shall be deemed to be replaced with the words “the inability of the Calculation Agent to obtain a value for the Subject Currency”.

12. Consequences of an Additional Disruption Event

If the applicable Final Terms specifies that Additional Disruption Events shall be applicable, then:

- (a) following the determination by the Calculation Agent that an Additional Disruption Event has occurred, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of the Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
 - (ii) (A) in the case of Notes, give notice to Noteholders in accordance with Base Condition 12 and redeem all, but not less than all, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount;
- (b) upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with Base Condition 12 stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event; and
- (c) the following terms and expressions shall have the following meanings:

“**Additional Disruption Event**” means any of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging.

“**Change in Law**” means that, on or after the Issue Date (or such other date as specified in the applicable Final Terms) of the Notes (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (A) it has become illegal to hold, acquire or dispose of any relevant currency or asset, or (B) the Issuer or any affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer’s obligations under the Notes will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

“**Hedging Disruption**” means that the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer’s obligations in relation to the Notes is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the currency or other price risk of the Issuer issuing and performing its obligations with respect to or in connection with the relevant Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

“**Increased Cost of Hedging**” means that the Issuer and/or any of its Affiliates or agents would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the currency or other price risk of the Issuer issuing and performing its obligations with respect to the relevant Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of

the creditworthiness of the Issuer and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

CHAPTER 12 – PHYSICAL DELIVERY NOTES

GENERAL TERMS FOR PHYSICAL DELIVERY NOTES

The terms and conditions applicable to Physical Delivery Notes issued by the Issuer shall comprise the Terms and Conditions of the Notes set out in Chapter 2 (the “**Base Conditions**”), the specific terms and conditions set out in Chapters 3, 4, 5, 7, 8, 9, 10 and 11 (as applicable) and the specific terms and conditions set out below (the “**Physical Delivery Notes Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Physical Delivery Notes Conditions, the Physical Delivery Notes Conditions shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Physical Delivery Notes Conditions; and (ii) the Final Terms, the Final Terms shall prevail.

1. **APPLICABILITY**

These Physical Delivery Notes Conditions shall not apply in respect of Credit Linked Notes (in respect of which physical settlement should be governed by Condition 5 of the Credit Linked Notes Conditions).

2. **FINAL REDEMPTION AND MATURITY DATE**

Base Condition 4(b) (*Redemption, Purchase and Options*) shall not apply and instead the provisions of this Physical Delivery Note Condition 2 shall apply.

Unless previously redeemed, purchased and cancelled as provided below in accordance with Base Condition 4(f) (*Redemption at the option of the Issuer*) or Base Condition 4(g) (*Redemption at the option of holders of Notes*) or unless its maturity is extended pursuant to an option of the Issuer or holders of Notes, each Note will be redeemed by delivery of the Entitlement (subject as provided below) specified in or determined in the manner specified in the applicable Final Terms on the Maturity Date.

3. **DELIVERY OF ENTITLEMENT AND ASSET TRANSFER NOTICES**

In order to obtain delivery of the Entitlement(s) in respect of any Note:

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

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

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be or (ii) if such Note is in definitive form, in writing.

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

The Issuer shall at the risk of the relevant Holder deliver the Entitlement in respect of each Note in such commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery.

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

An Asset Transfer Notice must:

- (i) specify the name, address and contact telephone number of the relevant Holder and the person from whom the Issuer may obtain details for the delivery of the Entitlement if such delivery is to be made otherwise than in the manner specified in the applicable Final Terms;
- (ii) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Holder’s account at Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, to debit the relevant Holder’s account with such Notes on or before the Maturity Delivery Date (as defined below);
- (iii) include an undertaking to pay all Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Holder at Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, in respect thereof and to pay such Expenses;
- (iv) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and number of the Holder’s account to be credited with any cash payable by the Issuer, in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement, as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Settlement Price or Failure to Deliver Settlement Price, as applicable;
- (v) certify that the beneficial owner of each Note is not a United States Person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a United States Person and no cash, securities or other property have been or will be

delivered within the United States or to, or for the account or benefit of, a United States Person in connection with any redemption thereof; and

- (vi) authorise the production of such notice in any applicable administrative or legal proceedings.

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

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

Subject thereto, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, will confirm to the Fiscal Agent the series number and number of Notes the subject of such notice, the relevant account details (if applicable) and the details for the delivery of the Entitlement in respect of each such Note. Upon receipt of such confirmation, the Fiscal Agent will inform the Issuer thereof. Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, will on or before the Maturity Delivery Date debit the securities account of the relevant Holder with the Notes the subject of the relevant Asset Transfer Notice.

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

If such Asset Transfer Notice is subsequently corrected to the satisfaction of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, or the relevant Paying Agent, in each case in consultation with the Fiscal Agent and the Issuer, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or the relevant Paying Agent, as applicable, shall use its best efforts promptly to notify the Holder submitting an Asset Transfer Notice if, in consultation with the Fiscal Agent and the Issuer, it has determined that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Guarantor, the Paying Agents, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or the Fiscal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

The Entitlement will be delivered at the risk of the relevant Holder, in the manner provided above on the Maturity Date (such date, subject to adjustment in accordance with these Physical Delivery Notes Conditions, the “**Maturity Delivery Date**”), provided that the Asset Transfer Notice is duly delivered to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a Paying Agent, as the case may be, with a copy to the Fiscal Agent and the Issuer, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date.

If an Asset Transfer Notice is delivered to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a Paying Agent, as the case may be, with a copy to the Fiscal Agent and the Issuer, later than the close of business in each place of receipt on the Cut-Off Date, then the Entitlement will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Maturity Delivery Date) at the risk of such Holder in the manner provided above. For the avoidance of doubt, in such circumstances such Holder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Maturity Delivery Date falling after the originally designated Maturity Date and no liability in respect thereof shall attach to the Issuer or the Guarantor. If in respect of a Note an Asset Transfer Notice is not delivered to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a Paying Agent, as the case may be, with a copy to the Fiscal Agent and the Issuer, later than the close of business in each place of receipt on the 90th calendar day following the Cut-off Date the Issuer’s obligations in respect of such Note and the Guarantor’s obligations in respect of the Guarantee in respect of such Note shall be discharged and no further liability in respect thereof shall attach to the Issuer or the Guarantor.

Delivery of the Entitlement in respect of the Notes is subject to all applicable laws, regulations and practices in force on the Maturity Delivery Date and none of the Issuer, the Guarantor or any of its Affiliates or agents and the Paying Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Guarantor or any of its Affiliates or agents and the Paying Agents shall under any circumstances be liable for any acts or defaults of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system in relation to the performance of their duties in relation to the Notes.

For such period of time after the Maturity Delivery Date as any person other than the relevant Holder shall continue to be the legal owner of the securities, obligations comprising the Entitlement (the “**Intervening Period**”), none of the Issuer, the Guarantor nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Note any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities, obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such securities, obligations during the Intervening Period or (iii) be under any liability to the relevant Holder, or any subsequent beneficial owner of such Note in respect of any loss or damage which the relevant Holder, or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such securities, obligations or Deliverable Obligations during such Intervening Period.

Where the Entitlement comprises shares, any dividend or other distribution in respect of such Entitlement will be payable to the party that would receive such dividend or other distribution according to market practice for a sale of the Share executed on the Maturity Delivery Date and to be

delivered in the same manner as the Entitlement. Any such dividend or other distribution to be paid to a Holder shall be paid to the account specified in the relevant Asset Transfer Notice.

Where the Entitlement is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Holders will receive an Entitlement comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Entitlements), and in respect of the amount of Relevant Assets not capable of being delivered, an amount in the Relevant Currency which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole discretion from such source(s) as it may select (converted if necessary into the Relevant Currency by reference to such exchange rate as the Calculation Agent deems appropriate).

4. SETTLEMENT DISRUPTION EVENT

The provisions of this Physical Delivery Note Condition 4 shall apply to Physical Delivery Notes. If, prior to the delivery of the Entitlement in accordance with these Physical Delivery Notes Conditions, a Settlement Disruption Event is subsisting, then the Maturity Delivery Date in respect of such Note shall be postponed until the next Settlement Business Day on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Holder, in accordance with Base Condition 12. Such Holder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Entitlement pursuant to these Physical Delivery Notes Conditions. Where delivery of the Entitlement has been postponed as provided in these Physical Delivery Notes Conditions the Issuer shall not be in breach of these Physical Delivery Notes Conditions and no liability in respect thereof shall attach to the Issuer or the Guarantor.

For so long as delivery of the Entitlement in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Holder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the "**Election Notice**") is given to the Holders in accordance with Base Condition 12.

5. FAILURE TO DELIVER DUE TO ILLIQUIDITY

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

(i) subject as provided elsewhere in the Physical Delivery Notes Conditions and/or the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Maturity Delivery Date in accordance with the Physical Delivery Notes Conditions; and

(ii) in respect of any Affected Relevant Assets, notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the

relevant Holder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date the Failure to Deliver Notice (as defined below) is given to the Holders in accordance with Base Condition 12. The Issuer shall give notice (such notice a “**Failure to Deliver Notice**”) as soon as reasonably practicable to the Holders in accordance with Base Condition 12 that the provisions of this Physical Delivery Note Condition 5 apply.

6. OPTION TO VARY SETTLEMENT

If the applicable Final Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may at its sole and unfettered discretion in respect of each such Note, elect not to pay the relevant Holders the Final Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Holders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Final Redemption Amount on the Maturity Date to the relevant Holders, as the case may be. Notification of such election will be given to Holders in accordance with Condition 12.

7. DEFINITIONS

For the purposes of these Physical Delivery Notes Conditions:

“**Disruption Cash Settlement Price**” means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount equal to the fair market value of such Notes (but not taking into account any interest accrued on such Note and paid pursuant to Base Condition 3 and Base Condition 5) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 calendar days before the date that the Election Notice is given as provided above less the cost to the Issuer and/or its Affiliates or agents of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

“**Entitlement**” means, in relation to a Physical Delivery Note (other than a Credit Linked Note), the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Holder is entitled to receive on the Maturity Delivery Date in respect of each such Note following payment of the Expenses, which quantity will be rounded down as provided in Physical Delivery Note Term 3, as determined by the Calculation Agent and includes any documents evidencing such Entitlement.

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

“**Settlement Disruption Event**” means an event beyond the control of the Issuer or, if applicable, the Guarantor, as a result of which, in the opinion of the Calculation Agent or, if applicable, the Guarantor, delivery of the Entitlement by or on behalf of the Issuer or the Guarantor, as the case may be, in accordance with the Physical Delivery Notes Conditions and/or the applicable Final Terms is not practicable.

CHAPTER 13**PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM****Provisions relating to Notes while in Global Form***Clearing System Accountholders*

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to “**Noteholder**” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary (in the case of a CGN) or a common safekeeper (in the case of an NGN) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and (in the case of an NGN) effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer

of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (Luxembourg time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (Luxembourg time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (b) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deeds of Covenant. Under the Deeds of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the relevant Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Where the Notes are listed on the Irish Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Base Condition 12 (*Notices*).

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and, where applicable, with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deeds of Covenant). Under the relevant Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the relevant Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Where the Notes are listed on the Irish Stock Exchange and its rules so require, the relevant Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Base Condition 12 (*Notices*).

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the relevant Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the relevant Issuer shall procure that, in respect of a CGN, the payment is noted on a schedule thereto and, in respect of an NGN, the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option: In order to exercise the option contained in Base Condition 4(g) (*Redemption at the option of holders of Notes*), the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and Put Option Notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Base Condition 4(f) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the relevant

Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, at their discretion, as either a pool factor or a reduction in principal amount).

Notices: Notwithstanding Base Condition 12 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depository, common depository or common safekeeper (as the case may be) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Base Condition 12 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; *provided, however, that*, so long as the Notes are listed on the Official List of the Irish Stock Exchange and its rules so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or on the website of the Irish Stock Exchange (www.ise.ie).

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be used for the general corporate purposes of the relevant Issuer.

INFORMATION ON MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.P.A.

*This section of the Base Prospectus reflects the contents of (i) certain paragraphs of the registration document published in Italian language by Mediobanca on 18 October 2013 and approved by CONSOB pursuant to CONSOB Regulation No. 11971 of 14 May 1999 (as amended) on 18 October 2013, report No. 12082878 (the “**Mediobanca Registration Document**”), , of which the relevant English translation is incorporated by reference to this Base Prospectus. Other information included in the Mediobanca Registration Document not incorporated in this section of the Base Prospectus are covered elsewhere in this Base Prospectus, such as under section headed “Risk Factors” or under section headed “Financial Information of Mediobanca – Banca di Credito Finanziario S.p.A.”*

Sections III (Risk factors), VII (Future trends) and VIII (Forecasts or estimates of profits) of the Mediobanca Registration Document are deemed to be incorporated by reference in, and to form part of, this Base Prospectus as more fully described in the section of this Base Prospectus headed “Documents Incorporated By Reference”. All other Sections of the Mediobanca Registration Document are considered as additional information. The Mediobanca Registration Document contains information inter alia regarding Mediobanca, its business, administration and management, and shareholders.

History and development of Mediobanca

Legal status and information

Mediobanca – Banca di Credito Finanziario S.p.A. was set up on 10 April 1946 by virtue of a notarial deed drawn up by Notary public Arturo Lovato, file no. 3041/52378. Mediobanca is a joint stock company incorporated under Italian law registered in the Milan Companies’ Register under Registration no. 00714490158 having its registered office and administrative headquarters in Piazzetta Enrico Cuccia 1, 20121 Milan, Italy, tel. no.: (0039) 02-88291. Mediobanca operates under Italian law, and the court of Milan has jurisdiction over any disputes arising against it.

Important events in Mediobanca’s recent history

Since 31 December 2013 there have been no negative changes either to the financial position or prospects of either Mediobanca or the Group headed up by it.

Neither Mediobanca nor any company in the Group have carried out transactions that have materially affected or that might be reasonably expected to materially affect, Mediobanca’s ability to meet its obligations towards third parties.

As at 24 July 2013 S&P rated Mediobanca A-2 (short-term debt), BBB (long-term debt) and negative (outlook) – see www.mediobanca.it/it/investor-relations/rating.html.

For an explanation of the rating given by S&P please see below the S&P rating scale:

| LONG TERM obligations with an original maturity of more than one year | SHORT TERM obligations with an original maturity of no more than one year |
|--|---|
| Investment grade | Investment grade |
| <p>AAA The obligor's capacity to meet its financial commitment on the obligation is extremely strong.</p> <p>AA The obligor's capacity to meet its financial commitment on the obligation is very strong. An obligation rated 'AA' differs from the highest-rated obligations only to a small degree.</p> <p>A The obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.</p> <p>BBB The obligation exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.</p> | <p>A-1 The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.</p> <p>A-2 The obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.</p> <p>A-3 The obligation exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.</p> |

(Source: Standard & Poor's)

To the knowledge of Mediobanca, Standard & Poor's Credit Market Services Italy S.r.l. ("**S&P**") is a credit rating agency which is established in the European Community and has been registered in accordance with Regulation 1060/2009/EC (as amended by Regulation 513/2011/EU and by Regulation 462/2013/EU) (the "**CRA**"). As such S&P is included in the latest list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA – see [www.esma.europa.eu/page/List-registered-and-certified -CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).

Business Overview

Principal activities

The Group's principal activities are currently segmented into three banking divisions and one Corporate Center: the "Corporate & Private banking" (CPB), which includes wholesale banking and private banking (Compagnie Monegasque de Banque and Banca Esperia); "Principal Investing" (PI), which brings together all the Mediobanca Group's shares related investments (IAS 28) available for sale (AFS); "Retail & Consumer Banking" (RCB), consisting of consumer credit activities (Compass) and retail banking, (CheBanca!); the "Corporate Center" (CC) where all the other companies (including leasing) and some of the costs of the central functions of the Gruppo flow in. Mediobanca is a banking group operating in "Corporate & Private" banking (CPB), wholesale

banking and private banking, in the "Principal Investing" (PI), which brings together the Mediobanca Group's long-term shares investments, merchant banking and private equity, in the "Retail & Consumer" banking (RCB), which includes consumer credit and retail banking and a "Corporate Center" (CC) where all the other companies flow in (including leasing) and some costs of the central functions of the Gruppo. Mediobanca has a market capitalization of approx. €4.6bn..

*Consolidated financial information as at 30/06/13**

| €m | CPB | PI | RCB | CC |
|-------------------------|-------|--------|-------|-------|
| Profit and loss account | | | | |
| Net interest income | 286.9 | - | 696.5 | 46.4 |
| Total income | 723.3 | 7.9 | 869.6 | 55.3 |
| Profit before tax | 324.8 | -408.9 | 89.4 | -31.9 |
| Net profit | 202.4 | -407.1 | 42.8 | -19.5 |

*Source: Mediobanca audited consolidated annual financial statement as at and for the year ended on 30 June 2013

Wholesale Banking

Mediobanca seeks to provide its corporate clients with the advisory services and financial services to help them grow and develop.

The wholesale banking division comprises three different units: *Corporate finance, Lending and Structure Finance, Capital Markets.*

Corporate finance

Mediobanca plays an important role in corporate finance in Italy and has an increasingly significant role in financial advisory services at the European level through its branches in Paris, Frankfurt and Madrid. A client-based approach is adopted, backed by in depth knowledge of the financial issues and a consolidated track record in executing deals. The operating unit is organized into different industry teams covering individual industries in order to provide greater focus.

Corporate finance involves the following activities:

- defining strategic objectives for companies and identifying extraordinary financing transactions in order to help meet them;
- extraordinary financing transactions: mergers and acquisitions, joint ventures and partnerships, disposals and spinoffs;
- liability restructuring: earnings/financial analysis of companies/groups undergoing restructuring; working out financial rebalancing scenarios; negotiating with key creditors;
- corporate restructuring: LBOs, MBOs, spinoffs and tax-/inheritance-related issues;
- company valuations, on a standalone basis and for purposes of setting exchange ratios;
- relations with authorities: assistance in handling relations with market and regulatory authorities, principally CONSOB and Borsa Italiana.

Lending and structured finance

The Financing teams serve Mediobanca's Italian and international customers, through the branch offices located in Paris, Frankfurt, London and Madrid, to offer:

- advice in evaluating possible capital structures and financing solutions available from among a vast series of debt products, including considering possible implications in terms of rating;
- structuring and executing lending transactions;
- access to the international syndicated loans market;
- facility and security agent services for corporate and structured lending transactions.

The main products of the Lending and structured finance team are:

- **corporate lending:** (bilateral loans, club deals and syndicated loans): corporate loans aimed at supporting customers' financial requirements generated by investments or related to their companies' growth; the financial solutions offered are aimed primarily at medium-/large-sized firms operating on domestic and international markets, in industrial and service-based sectors;
- **leveraged finance:** (acquisition finance, loans for LBO/MBOs): financial support to corporate counterparties and institutional investors as part of leveraged transactions to acquire stakes in listed and unlisted companies; a wide range of lending transactions are developed, arranged, structured, underwritten and executed based on complex structures, and because of their size these are often syndicated on the international market;
- **structured finance:** (project finance, infrastructure finance, real estate finance): on the back of its solid track record in various sectors, customers are provided with advisory services covering the entire process of structuring deals to support investment and infrastructure or industrial projects, including offering strategies, selection of the most effective debt instruments, hedging strategies, financial modelling and structuring contracts; and
- **export finance:** (export credit, trade finance, untied loans, pre-export finance and Islamic finance.): financial support provided to exporters of merchandise and services destined for counterparties located in emerging markets, including with the support of government organizations guaranteeing insurance coverage and/or subsidized interest rates (SIMEST, SACE or other European export credit agencies); such loans, which are often syndicated, are structured in conjunction with the provision of advisory services regarding negotiations with commercial counterparties and financial and/or supranational institutions.

Capital Markets

Mediobanca operates on both the primary and secondary markets, trading equities and fixed-income securities, foreign exchange products and credit risk, interest rate and exchange rate derivatives. In the equity market (primary and secondary), activity is divided into the following areas:

- **equity capital markets:** it is the Italian leader and has a role of increasing importance internationally in structuring, co-ordinating and executing equity capital markets transactions, such as IPOs, rights issues, secondary offerings and ABOs, and bonds convertible into equity

solutions (equity derivatives to manage investments and treasury shares): this unit structures and implements extraordinary financing transactions involving equity investments and treasury shares; using a dedicated trading platform, the team offers customers innovative, high value-added solutions, and also handles any legal, accounting, tax and regulatory issues;

- **equity finance (securities lending, equity repos, collateralized financing):** the unit offers tailored securities lending solutions, which range from simple loans to hedge short-/medium-term positions, to equity repos, to upgrades and collateralized financing;
- **equity derivatives institutional marketing:** a range of equity-linked investments are offered to banks, insurances, asset managers and family offices, from synthetic replications of simple underlying assets to sophisticated protection mechanisms and solutions for increasing the return on portfolios, funded or unfunded;
- **MB Securities:** this is Mediobanca's equity brokerage division, offering global access to equity markets and research on the Italian market (over 100 companies are covered), plus a pan-European focus on the financials sector (banks and insurances); a dedicated team also offers corporate broking services.

In relation to the debt market, the activity is divided into the following areas of operation:

- **debt capital markets:** this team originates, structures, executes and places corporate and financial bond issues, covered bonds and securitizations to meet its customers' financing needs.
- **CRAL solutions:** this area structures solutions based on interest rates, credit and alternative products; it targets corporate clients, banks and institutional investors who need to restructure their investment portfolios, increase asset liquidity and diversify their sources of funding. An activity of advisory and structuring of ad hoc solutions on alternative investments focusing on institutional investors.
- **proprietary funding:** this team is responsible for structuring, issuing and placing debt products, the revenues from which finance the Bank's own activities. Fund raising, supported by the Bank's high credit rating, takes place primarily through the issuance of securities, both plain vanilla and structured. Securities are placed with retail investors through public offers (executed using proprietary networks of CheBanca!. through individual third banks – including that BancoPosta – either on an exclusive basis or via groups of banks in syndicates) and direct sales are made over the screen-based bond market (MOT) operated by Borsa Italiana. Demand from institutional investors is met via public offers of securities on the Euromarket and private placements of products customized to meet the subscribers' specific needs.

Private banking

The range of services offered to clients by the Mediobanca Group includes private banking, via Banca Esperia and Compagnie Monegasque de Banque.

- Banca Esperia was set up in July 2000 as a joint venture between the Mediobanca and Mediolanum groups with the aim of becoming the private banker of choice for high net worth clients, offering them portfolio management, advisory and financing services. Independence, operational autonomy, focus on private banking activities, and excellence and quality of service,

are the hallmarks of a bank which has approximately €12bn in assets under management at its branches in Bergamo, Bologna, Brescia, Florence, Genoa, Milan, Modena, Naples, Padua, Parma, Rome and Turin.

- Compagnie Monegasque de Banque ("CMB") is 100%-owned by Mediobanca. CMB is market leader in the Principality of Monaco, with total deposits of approx. €6bn. Its geographical position, indepth knowledge of markets and reputation for absolute discretion make it a player of primary importance in the private banking industry, which can provide exclusive services to its client, ranging from loans to property investments.

Principal Investing

Mediobanca takes minority stakes in leading Italian and international companies, most of which are listed, and which are generally leaders in their respective spheres of activity, with a view to contributing, including through representation on investee companies' governing bodies, to value creation over a medium- and long-term time horizon. Mediobanca offers its investee companies, on an arm's length basis, the entire range of Group services (lending, corporate finance, capital markets, etc.). In view of the size of the investments and the role played by Mediobanca in the governance of the companies concerned, the shareholdings in Generali, RCS MediaGroup and Telco are part of the main shareholdings of the Principal investing division.

| Company | Sector | % of share capital | Book value as at 30/6/13 €m |
|---------------------------|------------------|---------------------------|--|
| Assicurazioni Generali(1) | Insurance | 13.24% | 2.461 |
| RCS MediaGroup(2) | Publishing/media | 14.36% | 20 |
| Telco(3) | Telephony | 11.62% | 78 |

(1) As at 30 September 2013, the shareholding is unchanged, the book value is equal to 2.457m

(2) As at 30 September 2013, the shareholding is 14.86% and the book value is equal to 76.4m following the capital increase realized during the last July though the underwriting of 42.9m shares and a payment equal to 60.8m.

(3) As at 30 September 2013, the shareholding is equal to 6.48% and the book value is equal to 72.8m due to the new Fair Value and the transaction included in the subsequent events (see cap. 4 "Information on the relevant Issuer").

Consumer credit - Compass

Mediobanca has operated in the consumer credit sector since the 1960s through its subsidiary Compass. In 2008 its positioning in this segment was strengthened, including through acquisitions, with the addition of Linea, acquired on 27 June 2008 from Banca Popolare di Vicenza, Banco Popolare and other banking shareholders).

Compass is now one of the top-ranking Italian consumer credit operators with a market share of over 11%. Compass offers a wide range of products (personal loans, special purpose loans for acquisition of consumer durable goods, credit cards and salary-backed finance), using a highly diversified

distribution network consisting of 163 own branches, distributing agreements with banking partners and retailers, including BancoPosta.

As at the balance-sheet date it had approx. €8.5bn in loans outstanding, plus a total of 1,435 staff on the books.

As at 30 June 2013, it had approx. €8.5bn in loans outstanding, plus a total of 1,435 staff on the books.

Retail and Private Banking (RPB)

Mediobanca has a footprint in this sector through its group companies. It has operations in consumer credit through Compass, in retail banking through CheBanca!, and in private banking through Banca Esperia (in Italy) and Compagnie Monegasque du Banque (in the Principality of Monaco).

Retail Banking - CheBanca! S.p.A.

In 2008, with the launch of CheBanca! Mediobanca commenced operations in the retail banking segment. The rationale for the CheBanca! project was to diversify the Group's sources of funding and create a value centre to leverage on the market's potential to establish a transparent and highly innovative Italian operator. Three years since its launch, CheBanca! has achieved a distinctive position on the market, with.

- high brand recognition;
- effective, innovative multi-channel distribution (internet, 44 own branches, direct banking);
- simple, transparent products;
- substantial customer base (over 520,000 customers);
- strong commercial results: €12.6bn in deposits, €4.3bn in mortgages disbursed, over 680,000 products sold.

The company employs a total of 911 staff.

Leasing

Mediobanca owns a 60% stake in the SelmaBipiemme Leasing S.p.A. ("SelmaBipiemme") group via Compass S.p.A. ("Compass"), with the other 40% held by Banca Popolare di Milano S.c.a r.l.. SelmaBipiemme owns 100% of Palladio Leasing, and 80% of Teleleasing (the other 20% being owned by Telecom Italy), a company which operates primarily in operating leasing.

The Selma Bipiemme group operates via branches, agents and above all banking networks, including Banca Popolare di Milan and Banca Popolare di Vicenza. It ranks among the top 15 operators in this sector.

In the twelve months to 30 June 2013 the group disbursed approximately €250 bn.

As at 30 June 2013, the net value finance disbursed by the group amounted to some €3.5 bn, with a headcount numbering 160 staff employed at the head office and 12 branches.

Brief description of the Mediobanca's principal activities, with an indication of the main categories of products sold and/or services provided

As stated in Article 3 of the Company's Articles of Association, the Company's corporate purpose is to raise funds and provide credit in any of the forms permitted, by applicable law, particularly medium- and long-term credit to corporates.

Within the limits laid down by current regulations, Mediobanca may execute all banking, financial and intermediation-related operations and services, and carry out any transaction deemed to be instrumental to or otherwise connected with the achievement of Mediobanca's corporate purpose.

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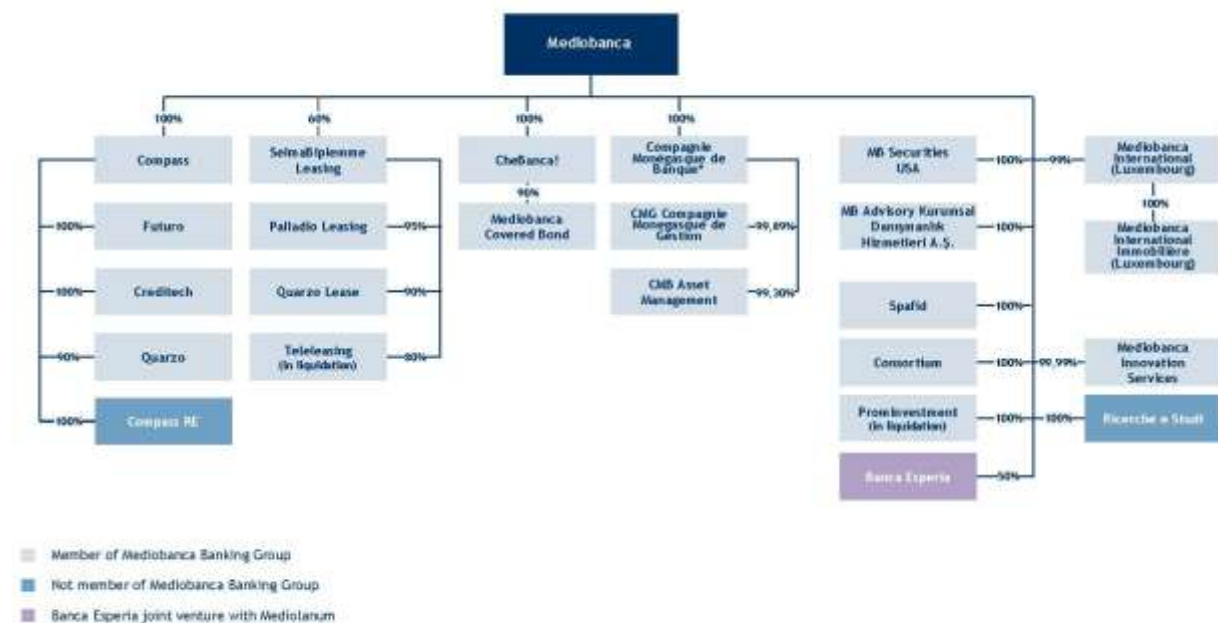
Within the limits laid down by current regulations, Mediobanca may execute all banking, financial and intermediation-related operations and services, and carry out any transaction deemed to be instrumental to or otherwise connected with the achievement of Mediobanca's purpose.

Organizational Structure

Description of organizational structure of group headed up by Mediobanca

The Mediobanca Group is registered as a banking group in the register instituted by the Bank of Italy.

The following diagram illustrates the structure of the Mediobanca Group as at the date hereof.



* Compagnie Monégasque de Banque abo controls: S.M.E.F. Soc. Monégasque des Etudes Financières (99,96%) which forms part of the Mediobanca Banking Group.

Bodies Responsible for governance, management and supervision of Mediobanca

The Board of Directors appointed on 28 October 2011 for the 2012, 2013 and 2014 financial years as integrated on the 27 October 2012 after the resignation following the application of article 36 of the Decree 201/11 (prohibition for members of banking, insurance and financial companies to hold such positions in companies active in the same sectors) and further to last april resignation of the Director Fabio Roversi Monaco, currently consists of twenty-two members, seventeen of whom qualify as independent under Article 148, paragraph 3 of Italian Legislative Decree 58/98, ten of which sixteen also qualify as independent under the Code of Conduct in respect of listed companies.

Board of Directors

Composition, Board of Directors:

| Name | Post held | Place and date of birth | Term of office expires | Posts held in other companies |
|---------------------------------------|------------------------|-------------------------|------------------------|---|
| Renato Pagliaro * | Chairman *** | Milan, 20/2/57 | 30/6/14 | Director, Telecom Italia Director, Pirelli & C. |
| Dieter Rampl | Deputy Chairman | Monaco, 5/9/47 | 30/6/14 | Chairman of Supervisory Board, Koenig & Bauer Member of Supervisory Board, FC Bayern Munchen Director, KKR Management LLC Chairman of Management Board, Hypo-Kulturstiftung |
| Marco Tronchetti Provera ^o | Deputy Chairman | Milan, 18/1/48 | 30/6/14 | Chairman and CEO, Pirelli & C. Chairman, Camfin Chairman, Pirelli Tyre Director Eurostazioni Director, F.C. Internazionale Milano |
| Alberto Nagel* | CEO *** | Milan, 7/6/65 | 30/6/14 | - |
| Francesco Saverio Vinci * | General Manager *** | Milan, 10/11/62 | 30/6/14 | Director, Banca Esperia Director, Perseo |
| Tarak Ammar | Ben Director | Tunis, 12/6/49 | 30/6/14 | Director, Telecom Italia Chief Executive Officer (CEO), Quinta Communications Chairman and Director, Prima Tv Chairman, Carthago Film Chief Executive Officer (CEO) Andromeda Tunisie S.A. Chairman, Promotions et Participations International S.A. |

| Name | Post held | Place and date of birth | Term of office expires | Posts held in other companies |
|------------------------|--------------|----------------------------|------------------------|--|
| Gilberto Benetton | Director | Treviso, 19/6/41 | 30/6/14 | Chairman, Edizione Chairman, Autogrill Director, Sintonia Director, Pirelli & C. Director, Atlantia |
| Pier Silvio Berlusconi | Director | Milan, 28/4/69 | 30/6/14 | Chairman and CEO, Reti Televisive Italiane Deputy Chairman, Mediaset Director, Arnoldo Mondadori Editore Director, Mediaset Espana Comunicacion Director, Medusa Film Director, Publitalia '80 |
| Roberto Bertazzoni | Director | Guastalla, 10/12/42 | 30/6/14 | Chairman, Smeg Chairman and CEO, Erfin - Eridano Finanziaria |
| Angelo Casò * | Director | Milan, 11/8/40 | 30/6/14 | Chairman, Milano Assicurazioni Chairman, Statutory Audit Committee, Benetton Group Chairman, Statutory Audit Committee, Edizione Chairman, Statutory Audit Committee, Bracco Chairman, Statutory Audit Committee Alchera Chairman, Statutory Audit Committee, Bracco Imaging Standing Auditor, Italmobiliare Chairman, Statutory Audit Committee, Bic Italia Standing Auditor, Italmobiliare Standing Auditor, Padis Investimenti Standing Auditor, Sidis Investimenti |
| Maurizio Cereda* | Director *** | Milan, 7/1/64 | 30/6/14 | Director, Ansaldo STS Director, Enervit |
| Christian Collin | Director | Neuilly sur Seine, 11/5/54 | 30/6/14 | General Manager, Groupama Director, Société Tunisienne d'Assurances et de Réassurances Director, La Banque Postale Assurances Iard |
| Massimo Di Carlo* | Director *** | Rovereto, 25/6/63 | 30/6/14 | |
| Alessandro Decio | Director | Milan, | 30/6/14 | Member of Supervisory Board, Bank Pekao Member of Supervisory Board Unicredit |

| Name | Post held | Place and date of birth | Term of office expires | Posts held in other companies |
|------------------------|-----------|----------------------------|------------------------|--|
| | | 10/1/66 | | Bank Austria |
| | | | | Member of Supervisory Board, Zao Unicredit Bank |
| Bruno Ermolli | Director | Varese, 6/3/39 | 30/6/14 | Chairman, Promos Chairman, Sinergetica Director, Arnoldo Mondadori Editore Director, Mediaset Director, Pasticceria Bindi Director S.I.P.A. |
| Anne Marie Idrac | Director | Saint Brieuç, 27/7/51 | 30/6/14 | Director, Total Director, Bouygues Director, Compagnie de Saint Gobain Member of Supervisory Board, Vallourec |
| Carlo Pesenti | Director | Milano, 30/3/63 | 30/6/14 | General Manager and Director Italmobiliare CEO, Italcementi Deputy Chairman, Ciments Français Director, RCS MediaGroup |
| Vanessa Labérenne | Director | Paris 08/01/78 | 30/6/14 | - |
| Alberto Pecci | Director | Pistoia 18/09/43 | 30/6/14 | Director, E. Pecci Chairman, Pecci Filati Chairman and Director, Pontoglio Director El.En. |
| Giorgio Guazzaloca | Director | Bazzano (BO) 06/12/1944 | 30/6/14 | |
| Eric Strutz * | Director | Mainz, 13/12/64 | 30/6/14 | Member of Board of Partners Group Holding |
| Elisabetta Magistretti | Director | Busto Arsizio, 21/7/47 | 30/6/14 | Director, Gefran Director, Luxottica Group Director, Unicredit Audit Director, Pirelli & C. |

◇ *Marco Tronchetti Provera informed the Board of Directors of Mediobanca that he was suspending himself following a first-degree ruling against him issued by the Court of Milan because of the crime pursuant to article 648 of the Italian Penal Code. As required by the legislation, pursuant to the Ministerial Decree 18 March 1998, n. 161 161/98, the Board of Director declared the suspension until next Meeting expected on the 28 October 2013.*

* *Member of Executive Committee.*

*** *Member of Mediobanca senior management*

All Board members are in possession of the requisites to hold such office by law, in terms of fitness, professional qualifications and independence (in the latter case applicable only to the independent directors).

The address for all members of the Board of Directors for the duties they discharge is: Piazzetta E. Cuccia 1, Milan, Italy.

Statutory Audit Committee

Composition of Statutory Audit Committee:

| Post | Nem | Place and date of birth | Term expires | Principal outside activities |
|-------------------|-------------------------|-------------------------|--------------|------------------------------|
| Chairman | Freddi Natale | Rho, 6/6/52 | FY 30/6/14 | none |
| Standing Auditor | Villa Gabriele | Milan, 18/6/64 | FY 30/6/14 | none |
| Standing Auditor | Angelo Comneno Maurizia | Rome, 18/6/48 | FY 30/6/14 | none |
| Alternate auditor | Guido Croci | Milan, 4/3/59 | FY 30/6/14 | none |
| Alternate | Busso Mario | Turin, 1/3/51 | FY 30/6/14 | none |

All Statutory Audit Committee members are in possession of the requisites to hold such office by law, in terms of fitness, professional qualifications and independence; and are all registered as auditors.

The address for all members of the Statutory Audit Committee for the duties they discharge is: Piazzetta E. Cuccia 1, Milan, Italy.

General Manager and senior management

Renato Pagliaro Chairman, Alberto Nagel Chief Executive Officer, Francesco Saverio Vinci General Manager, Maurizio Cereda and Massimo Di Carlo, Executive Directors of Mediobanca and Massimo Bertolini, Head of Company Financial Reporting.

The address for the General Manager and the senior management for the duties they discharge is: Piazzetta E. Cuccia 1, Milan, Italy.

Potential conflicts of interest among bodies responsible for governance, management and supervision

At an annual general meeting held on 28 October 2011, the shareholders of Mediobanca authorized the directors with posts in banking enterprises to take office, as required by Article 2390 of the Italian Civil Code. Meanwhile, a ban was instituted pursuant Article 36 of Italian Decree Law 201/11, as converted into Italian Law 214/11, on representatives of banks, insurers and financial companies from holding positions in companies which operate in the same sectors. Each year the Board of Directors assess the positions of the individual directors, which may have changed as a result of changes in the activities or size of the other companies in which they hold posts. To this end, each director shall inform the Board of any changes in the positions assumed by them in the course of their term of office.

Mediobanca also adopts the procedure recommended under Article 136 of the Italian Consolidated Banking Act for approval of transactions involving individuals who perform duties of management and control in other companies where these are Directors or Statutory Auditors.

Transactions with “related parties” are described in part H of the financial statements for the six months ended 30 June 2013.

As at the date of the Base Prospectus, to the knowledge of Mediobanca, none of the directors have private interests that potentially conflict with their functions or duties to Mediobanca.

Share capital

Amount of share capital issued

As at the date hereof, Mediobanca’s share capital, fully subscribed and paid up, totalled € 430,703,356.00, made up of 861,406,712 par value €0.50 shares.

Main Shareholders

Information on ownership structure

Individuals or entities who based on the shareholders’ register and available information as at 30 June 2013 own directly or indirectly financial instruments representing share capital with voting rights in excess of 2% of the company’s share capital, directly or indirectly, are listed below:

| | Shareholder | % of share capitale |
|---|------------------------|---------------------|
| 1 | UniCredito group | 8.76 |
| 2 | Bolloré group | 6.0 |
| 3 | Groupama group | 4.93 |
| 4 | FINSOE group/Unipol(*) | 3.87 |
| 5 | Mediolanum group | 3.50 |
| 6 | Italmobiliare group | 2.62 |
| 7 | Fondazione Ca.Ris.Bo | 2.95 |
| 8 | Benetton group | 2.16 |
| 9 | Fininvest group | 2.06 |

- *On 17 September 2013 the Gruppo Unipol Fondiaria SAI released ahead of time the entire shareholding equal to n. 33.019.886 Mediobanca shares from the Agreement.*

Mediobanca shareholders representing approx. 42% of the Bank’s share capital entered into a shareholders’ agreement in 2007 (subsequently amended in October 2008 to reflect the new corporate governance model adopted) which expired on 31 December 2011. On 4 October 2011, the shareholders renewed the Shareholders’ Agreement until 31 December 2013.

The Agreement, which is filed with the Milan companies’ register, is a block shareholders’ agreement aimed at preserving a stable shareholder base combined with representative governing bodies to ensure consistent management objectives. In order to achieve these objectives, these shareholders, divided into three groups, concur in seeing the traditional system of corporate governance which leverages on the management and provides greater clarity in the roles of the various governing bodies within the company, as fundamental to safeguarding the characteristics, function and traditional independence of Mediobanca and to ensuring that consistent management objectives are pursued.

An excerpt from the Agreement may be found on the Issuer’s website at www.mediobanca.it

Agreements the performance of which may result in a change of control subsequent to the date hereof

Mediobanca is not aware of any agreements aimed at bringing about future changes regarding the ownership structure of Mediobanca.

Auditors of the Financial Statements

External auditors and auditors responsible for auditing the financial statements

At the annual general meeting held on 27 October 2012, the shareholders of Mediobanca appointed PricewaterhouseCoopers S.p.A. to audit the Bank's individual and consolidated full-year and interim financial statements, to perform other activities provided for under Article 155 of Italian Legislative Decree 58/98, and to sign off the "Unico" and "770" tax declarations, up to and including the financial year ending 30 June 2021.

PricewaterhouseCoopers S.p.A. a company with its registered offices in via Monte Rosa 91, Milan, Italy, has audited the individual and consolidated financial statements of Mediobanca as at 30 June 2013. PricewaterhouseCoopers S.p.A. is registered under No. 119644 in the Register of Accounting Auditors (*Registro dei Revisori Contabili*). PricewaterhouseCoopers S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

Pricewaterhouse Coopers S.p.A. has reviewed the audited consolidated financial statement of Mediobanca for the annual period ended 30 June 2013 and the unaudited consolidated financial statements of Mediobanca for the semi annual periods ended 31 December 2012 and 2013.

Reconta Ernst & Young S.p.A., a company with registered offices in Via della Chiusa 2, Milan, Italy, has audited the individual and consolidated financial statements of Mediobanca as at 30 June 2012. Reconta Ernst & Young S.p.A. is registered under No. 70945 in the Register of Accounting Auditors (*Registro dei Revisori Contabili*) and is also a member of ASSIREVI, the Italian association of auditing firms.

External supervisory bodies other than the external auditors

There are no external supervisory bodies other than the external auditors.

Information regarding resignations, dismissals or failures to renew the appointment of the external auditors or the auditors responsible for auditing the financial statements

No resignations, dismissals or failures to renew the appointment of the external auditors have occurred during the period under review.

Legal and arbitration proceedings

As at the date hereof, none of Mediobanca and its consolidated subsidiaries is or has been involved in any governmental, legal, arbitration or administrative proceedings relating to claims or amounts of money which may have, or have had in the recent past, a material impact on the Group's financial position or profitability, and as far as Mediobanca is aware, no such litigation, arbitration or administrative proceedings has either been announced or is pending.

Events which characterized the financial year included:

1. A total of thirteen claims against Mediobanca, jointly with the other parties in their alleged failure to launch a full takeover bid for La Fondiaria in 2002, are still pending for damages amounting to approximately €100m. The present status of the trials in respect of these claims is as follows:
 - the court of cassation has ruled against Mediobanca on three claims, which have now reverted to the court of appeal for the rulings to be prosecuted;
 - one claim in which the court of cassation ruled against Mediobanca, which still has to be reverted to the court of appeal for the rulings to be prosecuted;
 - three claims, in which the court of appeals has ruled in favour of Mediobanca, are pending at the court of cassation; for a further three claims where again the ruling has gone in favour of Mediobanca, the term for presenting appeals to the court of cassation is now pending;
 - two claims, in which the ruling went against Mediobanca, are pending before the court of appeals in Milan;
 - a new claim has been submitted to the court of Milan.
2. In addition two claims has been filed against Mediobanca before the court of Milan relating to:
 - claim against Mediobanca, jointly with other four defendants, for a compensation of Euro 73m and relating to the fact that, notwithstanding their role as shareholders, no takeover bid on Impregilo has been made.
 - claim by Centrobanca to have Mediobanca joining the lawsuit commenced against Centrobanca by Burani Designer Holding NV and Mariella Burani Family Holding S.p.A. within the bankruptcy proceeding; the claim against Mediobanca is for an amount of Euro 134.4m and relates to compensation
3. At the date of this Base Prospectus, in relation to the notice of investigation from the public prosecutor's office of Milan, received on July 2012 by the Chief Executive Officer of Mediobanca, Alberto Nagel, with which he received the notice of Milan that he was under investigation for the alleged crime of "obstructing the public supervisory authorities in the exercise of their duties" (under Article 2638 of the Italian Civil Code) in connection with the Unipol/Fondiaria-SAI merger, there have been no significant further information to be mentioned by the relevant Issuer.

A "provision for risks and liabilities" has been made in the balance sheet as at 30 June 2013 in an amount of €164.5m to cover, inter alia, risks not necessarily linked to the failure to meet obligations or repay loans which could lead to charges in the future.

Material Agreements

Neither Mediobanca nor any of the companies controlled by Mediobanca has entered into or participates in agreements outside of their normal course of business which could result an obligation or entitlement for Group members that would impact significantly on the Issuer's ability to meet its

obligations in respect of the holders of financial instruments issued or to be issued.

**FINANCIAL INFORMATION OF MEDIOBANCA – BANCA DI CREDITO FINANZIARIO
S.P.A.**

The consolidated annual financial statements of Mediobanca as at and for the years ended 30 June 2013 and 2012 were prepared in accordance with IFRS as adopted by the European Union.

The unaudited consolidated interim financial statements of Mediobanca as at and for the six months ended 31 December 2013 and 2012 have been prepared in accordance with IFRS as adopted by the European Union.

All of the above consolidated annual and interim financial statements, prepared in each case together with the notes thereto, are incorporated by reference in this Base Prospectus. See “Documents Incorporated by Reference”.

The annual consolidated financial statement as at 30 June 2013 has been audited by PricewaterhouseCoopers S.p.A. The annual consolidated financial statement for the year 2012 have been audited by Reconta Ernst & Young S.p.A., whose reports thereon are attached to such annual financial statements.

INFORMATION ON MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

General Information

| | |
|---|--|
| Name: | Mediobanca International (Luxembourg) S.A. (“ Mediobanca International ”). |
| Date of Incorporation: | Mediobanca International was incorporated on 13 September 1990 and its registered office was transferred to Luxembourg by a resolution of the Shareholders before a notary on December 21, 2005 and the articles of incorporation were published in the <i>Memorial Recueil des Sociétés et Associations</i> number 567 on 17 March 2006. The articles of association have been amended on 5 October 2007 and have been published in the <i>Memorial Recueil des Sociétés et Associations</i> number 2995 on 24 December 2007. Mediobanca International is incorporated for an unlimited period. |
| Legislation: | Mediobanca International is a <i>société anonyme</i> operating under Luxembourg law. |
| Registered Office and Telephone Number: | 4, Boulevard Joseph II, L-1840 Luxembourg, Tel. no.: (00352) 267303-1. |
| Registration: | Registre de Commerce et des Sociétés Luxembourg number B 112885. |
| Financial Year: | Mediobanca International's financial year ends on 30th June of each year. |
| General Meetings: | General Meetings are held at least once a year. |

Share Information

| | |
|--------------------------------|---|
| Authorised and Issued Capital: | EUR 10,000,000 (fully paid) divided into 1,000,000 ordinary shares of EUR 10.00 each. |
| Reserves: | EUR 221,051,434 as at 30 June 2013. |
| Controlling Shareholders: | Mediobanca - Banca di Credito Finanziario S.p.A. |
| Change of control: | Mediobanca International is not aware of any agreements aimed at bringing about future changes regarding the ownership structure of Mediobanca International. |

Management

Board of Directors:

The Articles of Association provide for a Board of Directors consisting of at least three members elected by the general meeting of shareholders for a term of office not to exceed six years.

Directors:

The Board of Directors is responsible for setting authorisation levels, defining organisational structure, defining the system of internal control and reviewing it on a regular basis, and approving the bank's accounts and interim statements. The Board of Directors consists of the following nine Directors:

| <i>Director</i> | <i>Place and date of birth</i> | <i>Principal activities performed by the Directors outside Mediobanca International</i> |
|--------------------------------|--------------------------------------|---|
| Massimo Di Carlo (Chairman) | Rovereto on 25 June 1963 | Deputy General Manager of Mediobanca |
| Stefano Biondi | Rome on 6 April 1977 | - |
| Luca Tiziano Maccari | Milano on 14 March 1971 | CFO Banca Esperia SpA |
| Peter Gerrard | New York on 21 October 1947 | International banking executive |
| Stefano Pellegrino | Cassino on 22 January 1966 | Manager of Mediobanca S.p.A., Managing Director of Spafid S.p.A. and Prudentia S.p.A. |
| Silvio Perazzini | Gargnano on 27 June 1943 | External advisor of Mediobanca |
| Federico Potsios | Rome on 17 July 1963 | Lending division manager in Mediobanca |
| Stéphane Bosi | Monticelli d'Ongina on 27 April 1953 | International banking executive |
| Alex Schmitt | Luxembourg on 24 March 1953 | Attorney at law, member of Luxembourg bar, partner of the law firm Bonn & Schmitt |

The business address of each of the directors is 4, Boulevard Joseph II, L-1840 Luxembourg, with the exception of Alex Schmitt whose business address is 22-24 Rives de Clausen, L-2165 Luxembourg.

There are no significant potential conflicts of interests between any of the Directors' duties to Mediobanca International and their private interests or other duties.

Managing Directors: Day-to-day management is entrusted to two managing directors: Peter Gerrard (Board member) and Stefano Biondi (Board member).

Approved independent auditors: PricewaterhouseCoopers Société coopérative, a *société coopérative* incorporated under the laws of Luxembourg, with its registered office at 400, Route d'Esch, L-1471 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B.65477, was designated, at the Board of Directors' meeting held on 11 September 2012, as the Company's independent auditor (*réviseur d'entreprises agréé*).

PricewaterhouseCoopers Société coopérative, has audited the non-consolidated financial statements of the Company as at and for the year 30 June 2013 and will audit the non-consolidated financial statements of Mediobanca as at and for the two years ending on 30 June 2014 and 2015.

PricewaterhouseCoopers Société coopérative, is registered as a corporate body with the public register of company auditors drawn up by the Luxembourg Ministry of Justice and is a member of the Institute of Auditors (*l'Institut des Réviseurs d'Enterprises*) and is approved by the Commission de Surveillance du Secteur Financier ("**CSSF**") in the context of the law dated 18 December 2009 relating to the audit profession, as amended.

Ernst & Young S.A., cabinet de révision agréé, Luxembourg, a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, with its registered office at 7, rue Gabriel Lippmann-Parc d'Activité Syrdall 2, 5365 Munsbach, Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B.47.771, audited the non-consolidated financial statements of the Company as at, and for the three years ended 30 June 2012, 2011 and 2010.

Ernst & Young S.A., is registered as a corporate body with the public register of company auditors drawn up by the Luxembourg Ministry of Justice and is a member of the Institute of Auditors (*l'Institut des Réviseurs d'Enterprises*) and is approved by the Commission de Surveillance du Secteur Financier ("**CSSF**") in the context of the law dated 18 December 2009 relating to the audit

profession, as amended.

Corporate governance: The Articles of Association comply with corporate governance model in place in Luxembourg.

Object and General Business Policy

Business Operations: Mediobanca International may carry out, either within or outside the Grand Duchy of Luxembourg, any banking or financial operations authorised by the law relating to the financial sector, pursuant to article 3 of the Articles of Association of Mediobanca International.

Mediobanca International's principal activity consists of raising funds on international markets, by issues of bonds chiefly under a short and medium term notes programme guaranteed by Mediobanca. Mediobanca International is also engaged in corporate lending operations.

Risk Management: All interest rate, currency, credit and other risks are managed within the Mediobanca Group.

Tax Treatment: See "*Taxation - (B) Tax Regime for Mediobanca International issues - Luxembourg*".

Shareholders Equity and Medium and Long Term Debt

The following table shows the capitalisation in Euro of Mediobanca International as at 30 June 2013 and 2012.

| | As at 30 June 2013 | 2012 | (Euro) |
|--|-----------------------|---------------|--------|
| Shareholders equity | | | |
| Share capital | 10,000,000 | 10,000,000 | |
| Reserves | 221,051,434 | 192,623,000 | |
| Retained earnings | -- | -- | |
| Net profit | 14,748,992 | 28,428,435 | |
| Total Shareholder's equity | 245,800,426 | 231,051,435 | |
| Medium and long-term debt⁴ | | | |
| 1. Amounts owed to credit institutions | 978,792,213 | 1,939,348,204 | |
| 2. Notes and bonds payable | 1,372,748,614 | 1,623,748,245 | |
| Total medium and long-term debt | 2,351,540,827 | 3,563,096,449 | |

⁴ Medium and Long-term debt consists of amounts owed to credit institutions and notes and bonds payable for which the original maturity, at the date of issuance, was 18-months or longer.

Total capitalisation

2,597,341,253

3,794,147,884

**FINANCIAL INFORMATION OF MEDIOBANCA INTERNATIONAL
(LUXEMBOURG) S.A.**

Mediobanca International only produces non-consolidated financial statements.

The audited non-consolidated financial statements of Mediobanca International as at and for the years ended 30 June 2013 and 2012, in each case together with the notes thereto, are incorporated by reference in this Base Prospectus. See “Documents Incorporated by Reference”.

The annual non-consolidated financial statements of Mediobanca International as at and for the years ended 30 June 2013 and 2012 have been prepared in accordance with IFRS as adopted by the European Union. The annual non-consolidated financial statements as at and for the year ended 30 June 2013 have been audited by PricewaterhouseCoopers, Société coopérative, the annual non-consolidated financial statements for the year 2012 have been audited by Ernst & Young S.A., whose reports thereon are attached to such annual non-consolidated financial statements.

The unaudited interim financial statements of Mediobanca International as at and for the semi-annual periods ended 31 December 2013 and 31 December 2012 have been prepared in accordance with IFRS as adopted by the European Union.

PricewaterhouseCoopers Société coopérative has reviewed the interim financial statements for the semi-annual period ended 31 December 2012 and 31 December 2013 and will audit the non-consolidated financial statements of Mediobanca International as at, and for the three years ended 30 June 2013, 2014 and 2015.

PLAN OF DISTRIBUTION

References in this Base Prospectus to “**Permanent Dealers**” are to the persons listed in the paragraph headed “Dealers” in the section headed “Description of the Structured Note Issuance Programme” above and to such additional persons which are appointed from time to time as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed from time to time as a dealer solely in respect of one or more Tranches.

Subject to the terms and conditions contained in a dealer agreement dated 31 July 2014 as amended or supplemented from time to time (the “**Dealer Agreement**”) between the Issuers, the Guarantor, the Arrangers and the Permanent Dealers, the Notes will be offered on a continuous basis by each Issuer to the Permanent Dealers. However, the relevant Issuer has reserved the right to sell Notes directly on its own behalf to Dealers which are not Permanent Dealers. The relevant Issuer may also offer and sell Notes directly to investors without the involvement of any Dealer. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of such Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

Pursuant to the terms and conditions of the Dealer Agreement, the relevant Issuer, failing whom, where applicable, the Guarantor, has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement may be terminated in relation to all the Dealers or any of them by Mediobanca and Mediobanca International, acting together or, in relation to itself and Mediobanca and Mediobanca International only, by any Dealer, at any time on giving not less than ten Business Days' notice.

General

The selling restrictions described below may be modified by the agreement of the relevant Issuer, the Guarantor (where applicable) and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer and each further Dealer appointed under the Programme has agreed that it will comply with all relevant laws, regulations and directives in force in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the relevant Issuer, the Guarantor (where applicable), nor any other Dealer shall have responsibility therefor.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of the Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- (i) an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- (ii) the “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State);
- (iii) the “**2010 Amending Directive**” means Directive 2010/73/EC.

Ireland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not underwrite, offer, place or do anything with respect to the Notes:

- (a) otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland, as amended (the “**MiFID Regulations**”) if operating in or otherwise involving Ireland and, if acting under and within the terms of an authorisation to do so for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments (MiFID) it has complied with any applicable requirements of the MiFID Regulations or as imposed, or deemed to have been imposed, by the Central Bank pursuant to the MiFID Regulations and, if acting within the terms of an authorisation granted to it for the purposes of Directive 2006/48/EC of the European Parliament and the Council of the 14 June 2006 relating to the taking up and the pursuit of the business of credit institutions as amended, replaced or consolidated from time to time, it has complied with any codes of conduct or practice made under Section 117(1) of the Central Bank Act 1989 of Ireland (as amended) and any applicable requirements of the MiFID Regulations or as imposed pursuant to the MiFID Regulations;
- (b) otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland (as amended) and any rules made by the Central Bank pursuant thereto, including any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland by the Central Bank;
- (c) otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (as amended) and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland by the Central Bank and the Central Bank Acts 1942 to 2014 of Ireland; and
- (d) otherwise than in compliance with the provisions of the Companies Acts 1963 to 2014 of Ireland.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, subject to certain exemptions. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it will not offer sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after

completion of the distribution of the Notes comprising the relevant Tranche as determined, and certified to the relevant Issuer or the Fiscal Agent by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it in which case the Fiscal Agent or the relevant Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act (if available).

United Kingdom

In relation to each Tranche of Notes, each Dealer subscribing for or purchasing such Notes represents to and agrees with the relevant Issuer, the Guarantor (where applicable) and each other such Dealer (if any) that:

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year from the date of issue:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the relevant Issuer;

- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor (where applicable); and

- (c) *General compliance:* it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, save as set out below, it has not offered or sold, and will not make an offer of any Notes to the public in the Republic of Italy and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver any Notes or distribute copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy except:

1. that each Dealer may make an offer of Notes to the public if the final terms in relation to the Notes specify that a Non-exempt Offer may be made in the Republic of Italy, including without limitation, by means of an offer of Notes to the public following the date of publication of a prospectus in relation to such Notes and provided that such prospectus has been (i) approved in another Relevant Member State and notified to CONSOB and (ii) completed by final terms expressly contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, as implemented in the Republic of Italy under Legislative Decree No. 58 of 24 February 1998, as amended (“**Decree No. 58**”) and CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**Regulation No. 11971/1999**”), in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
2. to “**qualified investors**” (*investitori qualificati*), as defined under Article 34-ter, first paragraph, letter b) of Regulation No. 11971/1999, implementing Article 100, paragraph 1(a) of Decree No. 58; or
3. in other circumstances which are exempted from the rules on public offerings, as provided under Decree No. 58 or Regulation 11971/1999.

Any such offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended from time to time, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and any other applicable laws and regulations; and
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian regulatory authority.

Provisions relating to the secondary market

Potential Purchasers should also note that in accordance with Article 100-bis of Decree No. 58, where no exemption from the rules on public offerings applies under paragraphs (2) and (3) above, the subsequent distribution of the Notes on the secondary market in the Republic of Italy must be made in compliance with the public offer and the prospectus requirement rules provided under Decree No. 58 and Regulation No. 11971/1999. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the intermediaries transferring the Notes being liable for any damages suffered by investors or potential investors.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken and each further Dealer appointed under the Programme will be required to undertake that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “**Japanese Person**” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

TAXATION

The following is a general overview of certain Italian and Luxembourg tax consequences of the purchase, the ownership and the disposal of the Notes. It does not purport to be a comprehensive description of all the tax issues which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors and of Notes, some of which (such as dealers in securities or commodities, certain non-Italian resident Noteholders purchasing Notes convertible or exchangeable into shares and holders of certain Credit Linked Notes) may be subject to special rules.

Prospective purchasers of the Notes are advised to consult in any case their own tax advisers concerning the overall tax consequences of their purchase, ownership and disposal of the Notes.

This summary assumes that Mediobanca and Mediobanca International are resident for tax purposes in the Republic of Italy and in Luxembourg respectively and are structured and conduct their business in the manner outlined in this Prospectus. Changes in Mediobanca and/or Mediobanca International's organisational structure, tax residence or the manner in which each of them conducts its business, as well as in case of Substitution of the Issuer as fully set out in Condition 13 of the Base Terms and Conditions of the Notes, may invalidate this summary. This overview also assumes that each transaction with respect to the Notes is at arm's length.

Where in this overview English terms and expressions are used to refer to Italian, Luxembourg and Irish concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian, Luxembourg and Irish concepts under Italian and Luxembourg tax laws.

This overview is based upon the laws and/or practice in force as at the date of this Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis.

Neither Mediobanca nor Mediobanca International will update this summary to reflect changes in law and/or practice. If any such change should occur, the information in this summary could become obsolete.

(A) Italian Taxation of the Notes issued by Mediobanca

The Notes issued by Mediobanca may be subject to different tax regimes depending on whether:

- they represent a debt instrument implying a capital investment (*impiego di capitale*); or
- they represent derivative financial instruments or bundles of derivative financial instruments.

Depending on the features of the Notes, the following Italian tax treatments may apply to the Notes.

1. Notes qualifying as bonds or similar securities.

Decree No. 239 regulates the tax treatment of interest, premiums and other income including the difference between the redemption amount and the issue price from certain securities issued, *inter alia*, by Italian resident banks (hereinafter collectively referred to as “**Interest**”). The provisions of Decree No. 239 only apply to Notes which qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni*

(securities similar to bonds) pursuant to Article 44 of Decree No. 917. For this purpose, pursuant to the latter provision, securities similar to bonds are securities that (i) entail an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and (ii) do not entitle the relevant holders to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued or to control the same management.

1.1 Italian resident investors

Pursuant to Decree No. 239, payments of Interest accrued on Notes issued by Mediobanca will be subject to a substitute tax (*imposta sostitutiva*) at the rate of 26 per cent. in the Republic of Italy if made to beneficial owners who are:

- (1) individuals resident in the Republic of Italy for tax purposes, holding the Notes not in connection with entrepreneurial activities;
- (2) Italian resident partnerships (other than “*società in nome collettivo*”, “*società in accomandita semplice*” or similar partnerships), *de facto* partnerships not carrying out commercial activities;
- (3) professional associations;
- (4) Italian resident public and private entities, other than companies, not carrying out commercial activities; and
- (5) Italian resident entities exempt from corporate income tax,

(unless the relevant Noteholder has entrusted the management of its financial assets, including the Notes, to an authorised intermediary and has opted for the so-called *risparmio gestito* regime (the “**Asset Management Option**”), according to Article 7 of Decree No. 461.

In the event that the Noteholders described above under (1) and (4) are engaged in an entrepreneurial activity to which the Notes are connected, the substitute tax applies as a provisional tax. As a consequence, Interest on the Notes is subject to ordinary income tax and the substitute tax may be recovered as a deduction from the income tax due.

Pursuant to Decree No. 239, the 26 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so-called “**SIMs**”), fiduciary companies, *società di gestione del risparmio*, stockbrokers and other qualified entities resident in Italy (“**Intermediaries**” and each an “**Intermediary**”) or by permanent establishments in Italy of banks or intermediaries resident outside Italy that intervene in any way in the collection of Interest or, also as transferees, in the transfers or, disposals of the Notes.

Interest payments will not be subject to the 26 per cent. substitute tax if made to beneficial owners who are:

- (1) Italian resident corporations or permanent establishments in Italy of non resident corporations to which the Notes are effectively connected;
- (2) Italian resident collective investment funds, Italian SICAVs, Italian resident pension funds subject to the regime provided for by Decree 252/2005, Italian resident real estate investment funds established pursuant to Article 37 of Italian Legislative Decree No. 58 of 24 February 1998, as

amended and supplemented, and Article 14-*bis* of Italian Law No. 86 of 25 January 1994 and Italian resident SICAFs to which the provisions of Article 9 of Legislative Decree No. 44 of 4 March 2014 (the “**Decree No. 44**”) apply;

- (3) Italian residents holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option.

To ensure payment of Interest in respect of the Notes without the application of substitute tax, the investors indicated here above under (1) to (3) must be the beneficial owners of payments of Interest on the Notes and timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial Intermediary.

Special rules apply if the Notes are part of an investment portfolio managed on a discretionary basis by an authorised intermediary and the beneficial owners of the Notes opt for the Asset Management Option and if the Notes are in the portfolio of Italian collective investment funds, SICAVs, pension funds, real estate investment funds and SICAFs.

Italian residents holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option in connection with their investment in the Notes are subject to a 26 per cent. annual substitute tax (the “**Asset Management Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes during the holding period). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Payments of Interest in respect of the Notes made to Italian resident collective investment funds and SICAVs are subject neither to substitute tax nor to any other income tax in the hands of the investment fund or SICAV. A substitute tax of 26 per cent. applies on proceeds distributed by the fund or the SICAV or received by certain categories of unit holders upon redemption or disposal of the units.

Italian resident pension funds subject to the regime provided by Article 17 of Decree 252/2005 are subject to a 11 per cent. tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes during the holding period). According to Law Decree No. 66 of 24 April 2014, the substitute tax is increased up to 11.5 per cent for the tax year 2014.

Payments of Interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Italian Legislative Decree No. 58 of 24th February, 1998, as amended and supplemented, and Article 14-*bis* of Italian Law No. 86 of 25th January, 1994, and to Italian resident SICAFs to which the provisions of Article 9 of the Decree No. 44 apply are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

Interest accrued on the Notes by beneficial owners who are Italian resident corporations and permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are subject to tax in Italy in accordance with ordinary tax rules and would be included in the taxable income for corporate income tax purposes (IRES), currently applying at a rate of 27.5 per cent. and in certain circumstances also in the net value of production for the purposes of regional tax on productive activities (IRAP), generally applying at a rate of 3.5 per cent. (which may be increased by each Italian Region by up to 0.92 per cent.; IRAP rate has also been increased to 4.20 per cent. and 5.30 per cent.

by article 23(5) of Law Decree no. 98 of 6 July 2011 for the categories of companies indicated, respectively, under article 6 and article 7 of Legislative Decree no. 446 of 15 December 1997).

Where the Notes and the relevant coupons are not deposited with an Intermediary, the substitute tax is applied and withheld by any Italian intermediary (or permanent establishment in Italy of foreign intermediary) that intervenes in the payment of Interest to any Noteholder or by the Issuer and Noteholders who are Italian resident companies or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct the substitute tax suffered from income taxes due.

1.2 Non-Italian resident investors

Pursuant to Decree No. 239, payments of Interest accrued on Notes issued by Mediobanca will be subject to a substitute tax at the rate of 26 per cent. in the Republic of Italy if made to beneficial owners who are non-Italian resident entities or individuals without a permanent establishment in Italy to which the Notes are effectively connected, which are not eligible for the exemption from substitute tax and/or do not timely and properly comply with the requirements set forth in Decree No. 239 and the relevant application rules in order to benefit from the exemption from substitute tax. As to non-Italian resident beneficial owners, the substitute tax may apply at lower or nil rate under double taxation treaties entered into by Italy, where applicable, and in any case subject to proper compliance with subjective and procedural requirements provided for.

The 26 per cent. (or the lower rate provided for by the relevant applicable double taxation treaty) substitute tax will be generally applied by any Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of Interest on the Notes or in the transfer of the Notes.

Interest will not be subject to the 26 per cent. substitute tax if made to beneficial owners who are non-Italian resident beneficial owners of Notes not having a permanent establishment in Italy to which the Notes are effectively connected, provided that:

- such non-Italian resident beneficial owners are resident for tax purposes in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, as indicated below; and
- all the requirements and procedures set forth in Decree No. 239 and the relevant implementing rules in order to benefit from the exemption from the substitute tax have been promptly and properly complied with.

Decree No. 239, as amended and restated, also provides for additional exemptions from the substitute tax for payments of Interest in respect of the Notes made to:

- international bodies and organisations established in accordance with international agreements ratified in Italy;
- foreign institutional investors resident or established in countries which allow for an adequate exchange of information with Italy as indicated below, even if they do not possess the "status" of taxpayer in their own country of establishment; and
- Central Banks or entities managing official State reserves.

To ensure payment of Interest in respect of the Notes without the application of the substitute tax, non Italian resident investors must:

- be the beneficial owners of payments of Interest on the Notes or foreign institutional investors not subject to tax;
- timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial Intermediary or with a non-Italian resident entity participating in a centralised securities management system which is in contact, via computer, with the Italian Ministry of Economics, and
- promptly file with the relevant depository a self-declaration stating, *inter alia*, to be resident, for tax purposes, or established, as the case may be, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information. Such self-declaration - which is requested neither for international bodies nor for entities set up in accordance with international agreements ratified by Italy nor for foreign Central Banks or entities managing official State reserves - must comply with the requirements set forth by Italian Ministerial Decree of 12 December 2001 and is valid until withdrawn or revoked. Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

For the purposes of the above, the currently applicable “white list” of countries allowing for an adequate exchange of information with Italy is provided for by Italian Ministerial Decree 4 September 1996, as subsequently amended and supplemented. According to Budget Law 2008 (Law No. 244 of 24 December 2007), a decree still to be issued will introduce a new “white list” ordered to replace the current one.

1.3 Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable business income (and, in certain circumstances, depending on the “*status*” of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian resident company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to a substitute tax (*imposta sostitutiva*), levied at the current rate of 26 per cent.. Noteholders may generally set-off capital losses with gains of the same nature.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of the purchase and the sale of the Notes must be deducted from the purchase price and the sale price, respectively.

In respect of the application of such substitute tax, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss of the same nature, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss of the same nature, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same nature realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes under the *Risparmio Amministrato* regime. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (or permanent establishments in Italy of foreign intermediaries) and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes, net of any incurred capital loss of the same nature, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains of the same nature subsequently realised, within the same securities management relationship, in the same tax year or in the following tax years up to the fourth. Under the *Risparmio Amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains on Notes held by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the Asset Management Option will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. Asset Management Tax, to be paid by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains on Notes held by a Noteholder who is an Italian collective investment fund or a SICAV will not be subject to taxation in the hands of the investment fund or SICAV. A substitute tax of 26 per cent. will apply on proceeds distributed by the fund or the SICAV or received by certain categories of unit holders upon redemption or disposal of the units.

Any capital gains on Notes held by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Decree 252/2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. Pension Fund Tax. According to

Law Decree No. 66 of 24 April 2014, the substitute tax is increased up to 11.5 per cent. for the tax year 2014.

Any capital gains realised by Italian resident real estate funds established pursuant to Article 37 of Italian Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Italian Law No. 86 of 25 January 1994, or by Italian resident SICAFs to which the provisions of Article 9 of the Decree No. 44 apply, on the Notes are not taxable at the level of the same real estate funds.

Capital gains realised by non-Italian-resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva*, regardless of whether the Notes are held in Italy. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the Asset Management Option or are subject to the *Risparmio Amministrato* regime according to Article 6 of Decree No. 461, may be required to produce in due time to the Italian authorised financial intermediary an appropriate self-declaration that they are not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes not traded on regulated markets issued by an Italian or non-Italian resident issuer may in certain circumstances be taxable in Italy, if the Notes are held in Italy.

However, non-Italian resident beneficial owners of Notes without a permanent establishment in Italy to which the Notes are effectively connected are not subject to the *imposta sostitutiva* on capital gains realised upon sale or redemption of the Notes, provided that the effective beneficiary: (i) is resident in a country which allows for an adequate exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) is an institutional investor which is resident or established in a country which allows for an adequate exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence. In such cases, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the Asset Management Option or are subject to the *Risparmio Amministrato* regime according to Article 6 of Decree No. 461, may be required to produce in due time to the Italian authorised financial intermediary an appropriate self-declaration stating that they meet the subjective requirements indicated above. Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

For the purposes of the above, the currently applicable “white list” of countries allowing for an adequate exchange of information with Italy is provided for by Italian Ministerial Decree 4 September 1996, as subsequently amended and supplemented. According to Budget Law 2008 (Law No. 244 of 24 December 2007), a decree still to be issued will introduce a new “white list” ordered to replace the current one.

Moreover, in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy

providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the Asset Management Option or are subject to the *Risparmio Amministrato* regime according to Article 6 Decree No. 461, may be required to produce in due time to the Italian authorised financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence.

Please note that for a non-Italian resident, the *Risparmio Amministrato* regime provided for by Article 6 of Decree No. 461 shall automatically apply, unless it expressly waives this regime, where the Notes are deposited in custody or administration with an Italian resident authorised financial intermediary or permanent establishment in Italy of a foreign intermediary.

2. Notes qualifying as atypical securities

Notes issued by Mediobanca which represent a capital investment but do not qualify as bonds or securities similar to bonds under Decree No. 917 could be classified as 'atypical' securities pursuant to article 8 of Decree No. 512. In that case, Interest payments relating to Notes issued by Mediobanca may be subject to a 26 per cent. withholding tax.

Where the Noteholder is (i) an Italian resident individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian resident company or a similar Italian resident commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (iv) an Italian resident commercial partnership or (v) an Italian resident commercial private or public institution, the above-mentioned 26 per cent. withholding tax is a provisional withholding tax. In all other cases - including if the Noteholder is non-Italian resident - the withholding tax is a final withholding tax. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in the case of payments to non-Italian resident Noteholders, subject to proper compliance with applicable subjective and procedural requirements.

3. Notes qualifying as derivative securities

Where the proceeds from the Notes issued by Mediobanca do not qualify as income from a capital investment, the tax regime described under Section 1.3 above applies according to article 67 of Decree No. 917 and Decree No. 461.

(B) Tax regime of the Notes issued by Mediobanca International

1. Tax treatment of the Notes issued by Mediobanca International in Luxembourg

Luxembourg tax residency of the holders of the Notes

A holder of the Notes will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes (holding of the Notes includes receipt of interest and repayment of the principal).

Withholding tax

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however:

- (i) with respect to Luxembourg non-resident investors and certain types of recipient entities established outside Luxembourg, to the application of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive (Council Directive 2003/48/EC) and several agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax (35% from 1 July 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities established outside Luxembourg called "residual entities") by a paying agent in Luxembourg within the meaning of the above-mentioned directive (see section "EU Savings Directive" below) or agreements unless such investor provides a certificate of exemption as defined in the above-mentioned directive or such investor or entity agrees to the exchange of information. The Luxembourg draft bill N° 6668, which was submitted to Parliament on 18 March 2014, is purporting to abolish the withholding tax principle to introduce an automatic exchange of information regarding the payment of interest or similar income. The entry into force of this reform is expected for 1 January 2015;
- (ii) with respect to Luxembourg resident investors, to the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 which has introduced a 10% final withholding tax (which is final when Luxembourg resident individuals are acting in the context of the management their private wealth) on interest payments made by Luxembourg paying agents to Luxembourg individual residents on interest accrued since 1 July 2005 but paid after 1 January 2006. This withholding tax also applies on accrued interest received upon sale, redemption or repurchase of the Notes. The law of 17 July 2008 (amending the law of 23 December 2005) extended the possibility to benefit, under conditions, from such final 10% withholding tax for interest payments to Luxembourg resident individuals not holding the Notes as business assets, that are made through a paying agent established in another EU-Member State, in a Member State of the European Economic Area or in a jurisdiction that has concluded an international agreement in relation to the EU Savings Tax Directive; and
- (iii) responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg paying agent within the meaning of these laws (which may be the Luxembourg Issuer).

Income taxation of the holders of the Notes

Taxation of Luxembourg non-residents

Holders of the Notes who are non-residents of Luxembourg and who do not have a permanent establishment in Luxembourg to which the Notes are attributable are not liable to any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but

unpaid interest), payments received upon the redemption of the Notes, or realize capital gains on the sale of any Notes.

Taxation of Luxembourg residents

Interest Income

Holders of the Notes who are residents of Luxembourg, or non-resident holders of the Notes who have a permanent establishment or a fixed base of business in Luxembourg with which the holding of the Notes is connected, must, for income tax purposes, include any interest received in their taxable income. They will not be liable to any Luxembourg income tax on repayment of principal.

For individuals resident in Luxembourg, the 10% tax withheld at source constitutes a final taxation.

Capital Gains

Luxembourg resident individuals

Luxembourg resident individuals who are holders of the Notes and who are acting in the course of the management of their private wealth are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of these Notes. Upon redemption of the Notes, individual Luxembourg resident holders of the Notes must however include the portion of the redemption price corresponding to accrued but unpaid interest in their taxable income.

Luxembourg resident companies – Luxembourg permanent establishment of foreign enterprises

Luxembourg resident companies (*sociétés de capitaux*) that are holders of the Notes or foreign enterprises which have a permanent establishment in Luxembourg to which the Notes are attributed, must include in their taxable income the difference between the disposal price (including accrued but unpaid interest) and the book value of the Notes disposed of.

Luxembourg resident entities benefiting from a special tax regime

Holders of the Notes who are undertakings for collective investment governed by the amended law of 17 December 2010, specialized investment funds governed by the amended law of 13 February 2007, or family wealth management companies governed by the amended law of 11 May 2007, are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e. corporate income tax, municipal business tax and net wealth tax) with respect to the Notes.

Companies subject to the amended law of 15 June 2004 on venture capital vehicles might enjoy an exemption on income and gains from the Notes in accordance with, and subject to, the requirements of such law.

Net Wealth Tax

Luxembourg net wealth tax will not be levied on a holder of a Note unless: (i) such holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions; or (ii) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg. In respect of individuals, the Luxembourg law of 23 December 2005 has abolished the net wealth tax with effect from 1 January 2006.

Other Taxes

1. Registration

It is not compulsory that the Notes be filed, recorded or enrolled with any court, or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the Notes, in accordance therewith, except that, in case of use of the Notes, either directly or by way of reference, (i) in a public deed, (ii) in a judicial proceeding in Luxembourg or (iii) before any other Luxembourg official authority (*autorité constituée*), registration may be ordered which implies the application of a fixed or an ad valorem registration duty of 0.24% calculated on the amounts mentioned in the Notes. Indeed, a 0.24% registration duty could be levied on any notarial or other public deed making a precise reference to a loan or obligation of sum of money. In practice such kind of registration is rarely ordered.

2. VAT

There is no Luxembourg value-added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of Notes, provided that Luxembourg value-added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value-added tax purposes such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from Luxembourg value-added tax does not apply with respect to such services.

3. Inheritance and gift tax

No Luxembourg inheritance tax is levied on the transfer of Notes upon the death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Luxembourg gift tax will be levied in the event that the gift is made pursuant to a notarial deed signed before a Luxembourg notary.

2. Tax treatment of the Notes issued by Mediobanca International in Italy.

The Notes issued by Mediobanca International may be subject to different tax regimes depending on whether:

- they represent a debt instrument implying capital investment (*impiego di capitale*); or
- they represent derivative financial instruments or bundles of derivative financial instruments.

Depending on the features of the Notes, one of the following Italian tax treatments may apply to the Notes.

2.1 Notes qualifying as bonds or similar securities

2.1.1 Italian resident Noteholders

Pursuant to Decree No. 239, a substitute tax at a rate of 26 per cent. is applied on Interest on Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*)

within the meaning of Article 44 of Decree No. 917 issued by a non-Italian resident issuer accrued during the relevant holding period, if received by:

- (1) an Italian resident individual not engaged in an entrepreneurial activity to which the Notes are connected;
- (2) Italian resident non commercial partnerships;
- (3) Italian resident non-commercial private or public institutions; or
- (4) Italian resident investors exempt from Italian corporate income taxation;

If the Noteholders described under (1) and (3) above are engaged in an entrepreneurial activity to which the Notes are connected, the substitute tax applies as a provisional tax. As a consequence, the Interest is subject to the ordinary income tax and the substitute tax may be recovered as a deduction from the income tax due.

Substitute tax is generally applied by an Intermediary.

Where the Notes and the relevant coupons are not deposited with an Intermediary, the substitute tax is applied and withheld by any Italian intermediary (or permanent establishment in Italy of foreign intermediary) that intervenes in the payment of Interest to any Noteholder. Where Interest on Notes beneficially owned by the subjects from (1) to (4) above are not collected through the intervention of an Italian resident intermediary and as such no substitute tax is applied, the above Italian resident beneficial owners will be required to declare Interest in their yearly income tax return and subject them to final substitute tax at a rate of 26 per cent. (only limited to those Noteholders not engaged in a business activity to which the Notes are effectively connected), unless option for a different regime is allowed and made. Italian resident Noteholders that are individuals not engaged in entrepreneurial activity may elect instead to pay ordinary personal income taxes at the progressive rates applicable to them in respect of Interest on such Notes: if so, the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

Where an Italian resident Noteholder who is beneficial owner of the Notes is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes and relevant coupons are timely deposited with an Intermediary, Interest from the Notes will not be subject to the substitute tax, but must be included in the relevant Noteholder's annual income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "*status*" of the Noteholder, also to IRAP). In such cases, the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

For those categories of Noteholders not specifically mentioned in this paragraph and for Noteholders who are Italian pension funds (subject to the regime provided for by Article 17 of Decree 252/2005), Italian collective investment funds and Italian SICAVs please refer to paragraph "Italian Taxation of the Notes issued by Mediobanca Notes qualifying as bonds or similar securities - Italian resident investors" above.

2.1.2 Non-Italian resident Noteholders

No Italian substitute tax is applied on payments to a non-Italian resident Noteholder not having a permanent establishment in Italy to which the Notes are effectively connected of Interest relating to Notes issued by a non-Italian resident issuer.

If Notes issued by a non-Italian resident issuer and beneficially owned by non-Italian residents are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or are sold through an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or in any case an Italian resident intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian taxation a non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary a self-declaration stating that he or she is not resident in Italy for tax purposes.

2.1.3 Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be subject to the same tax regime as described under (A) 1.3. “Capital gains tax”, above.

2.2 Notes qualifying as atypical securities

Interest payments to Italian resident Noteholders relating to Notes issued by a non-Italian resident issuer which represent a capital investment but do not qualify as bonds or securities similar to bonds under Decree No. 917 could qualify as atypical securities (*titoli atipici*) for Italian tax purposes and may be subject to Italian withholding tax, levied at the rate of 26 per cent..

If the Notes are issued by a non-Italian resident issuer, a 26 per cent. “entrance” withholding tax may apply in Italy if the Notes are placed (“*collocate*”) in Italy and Interest payments on the Notes are collected through an Italian bank or other qualified financial intermediary. However, the 26 per cent. “entrance” withholding tax does not apply to Interest payments made:

- a) to a non-Italian resident Noteholder. If Notes issued by a non-Italian resident issuer and beneficially owned by non-Italian residents are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or are sold through an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or in any case an Italian resident intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian taxation a non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary a self-declaration stating that he or she is not resident in Italy for tax purposes; and
- b) to an Italian resident Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are effectively connected), (ii) a commercial partnership, or (iii) a commercial private or public institution. In particular, in such cases, Interest must be included in the relevant Noteholder’s annual income tax return, to be therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the “*status*” of the Noteholder, also to IRAP) according to the ordinary rules and the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

With respect to the other categories of Italian resident Noteholders, if Interest payments on Notes issued by a non-Italian resident issuer are not collected through an Italian resident bank or other qualified financial intermediary, and as such no “entrance” withholding tax is required to be levied, such Noteholders will be required to report the payments in their yearly income tax return and subject them to a final substitute tax at rate of 26 per cent. (only limited to those Noteholders not engaged in a business activity to which the Notes are effectively connected). Italian resident individual beneficial owners holding Notes not in connection with a business activity may elect instead to pay ordinary personal income tax at the progressive rates applicable to them in respect of Interest payments: if so, the beneficial owners should generally benefit from tax credit for withholding taxes applied outside Italy, if any.

In case Notes issued by a non-Italian resident issuer are held by an Italian resident individual engaged in a business activity and are effectively connected with same business activity, the Interest will be subject to the 26 per cent. “entrance” withholding tax on a provisional basis and will be included in the relevant income tax return. As a consequence, the Interest will be subject to the ordinary income tax and the withholding tax may be recovered as a deduction from the income tax due.

2.3 Notes qualifying as derivative securities

Where the proceeds from the Notes issued by Mediobanca International do not qualify as income from a capital investment, the tax regime described under Section (A) 1.3 “Capital gains tax” above applies according to article 67 of Decree No. 917 and Decree No. 461.

3. Payments made by the Guarantor under the Guarantee

There is no authority directly regarding the Italian tax regime of payments on notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian courts would not support such an alternative treatment.

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payments may be subject to Italian withholding tax at the rate of 26 per cent. levied as a final tax or a provisional tax (“*a titolo d’imposta o a titolo di acconto*”) depending on the “*status*” of the Noteholder, pursuant to Decree No. 600. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non-Italian residents, subject to proper compliance with relevant subjective and procedural requirements. In accordance with another interpretation, any such payment made by the Italian resident guarantor should be treated, in certain circumstances, as a payment by the relevant issuer and should thus be subject to the tax regime described in the previous paragraphs of this section.

(C) Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, as converted in law, with amendments, pursuant to Law No. 286 of 24 November 2006, transfers of Notes as a result of death or donation of Italian residents and of non-Italian residents, but in such latter case limited to Notes held within the Italian territory (which, for presumption of law, includes bonds issued by Italian resident issuers), are generally taxed in Italy as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000.00 for each beneficiary;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift;
- (iii) transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000.00 for each beneficiary; and
- (iv) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the beneficiary has a serious disability recognised by law, inheritance and gift taxes apply on its portion of the net asset value exceeding € 1,500,000.00.

(D) Transfer tax

Contracts relating to the the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to a fixed registration tax at a rate of € 200.00; (ii) private deeds are subject to registration tax at a rate of €200.00 only if they are voluntary registered or if the so-called “*caso d’uso*” or “*enunciazione*” occurs.

(E) VAT and registration tax

If the relevant Issuer decides to redeem the Notes upon their maturity by physical delivery to the investor, Italian VAT and/or registration tax may become payable.

(F) Stamp Duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (“**Decree 201**”), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries, carrying out their business activity within the Italian territory, to their clients for the Notes deposited therewith. The stamp duty applies at the current rate of 0.2 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than € 34.20. If the client is not an individual, the stamp duty cannot be higher than €14,000.00.

(G) Wealth tax on Notes deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at the current rate of 0.2 per cent..

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

(H) Financial transaction tax

Where the relevant Issuer decides to redeem the Share Linked Notes at their maturity by delivering Shares to the investor, an Italian Financial Transaction Tax (“**FTT**”) may apply. In particular, Article 1(491) of Law No. 228 of 24 December 2012 (the “**Stability Law**”) introduced a stamp duty-like FTT of 0.2 per cent. on the transfer of shares and other equity-like instruments issued by Italian resident entities (for this purpose, residence must be determined on the basis of the location of the entity’s registered office). This also encompasses any financial instruments that have such shares or equity-like instruments as their underlying assets, irrespective of the issuer’s residence. The FTT applies even if the transfer takes place outside Italy and/or any of the parties to the transaction are not resident in Italy.

The FTT rate is reduced by half to 0.1 per cent. if the transfer takes place on a regulated market or multilateral trading system. The tax is determined with reference to the net daily balance of purchase and sale transactions performed by the same person in the same financial instrument. In particular, the taxable base is determined by multiplying: (i) the number of securities corresponding to the sum of the net daily balance of purchase and sale transactions for each financial instrument for which there are net purchases (as opposed to net sales); and (ii) the weighted average price of the purchases of such financial instruments carried out on the relevant day.

Article 1(492) of the Stability Law introduces a fixed levy FTT that applies to all transactions involving equity derivatives which have Italian shares, Italian equity-like instruments or Italian equity-related instruments as their underlying assets. An equity derivative is subject to the FTT if the underlying or reference value consists of more than 50 per cent., of the market value of Italian shares, Italian equity-like instruments or Italian equity-related instruments, as measured on either: (i) the date of issuance, for financial instruments traded on regulated markets or on multilateral trading systems; or (ii) the date when the relevant contract is entered into in all other cases. The FTT applies even if the transfer takes place outside Italy and/or any of the parties to the transaction are not resident in Italy.

The amount of tax due depends on the type of derivative instrument and on the contract’s value, but is subject to a maximum of Euro 200. This FTT is reduced to 1/5 of the relevant amount if the transfer takes place on a regulated market or multilateral trading system. If a derivative is equity-settled, the consequent share transaction is ordinarily subject to the FTT under Article 1(491).

The FTT under Article 1(491) is due by and borne by the (ultimate) transferee of the shares or equity-like instruments. The FTT under Article 1(492) is due by each party involved in the relevant transaction. The FTT must be paid and accounted for to the Italian tax authorities by any intermediary intervening in any way in the execution of such transactions, e.g. banks, fiduciary companies or investment firms licensed to provide investment services on a professional basis to the public in accordance with Article 18 of Italian Legislative Decree No. 58 of 24 February 1998, including non-Italian resident intermediaries. However, the Stability Law provides that such an intermediary is permitted to refrain from executing the relevant transaction until they have received the amount of FTT due on the transaction from the relevant person referred to above. Non-Italian resident intermediaries may appoint an Italian withholding agent as a tax representative in order to take care of the compliance regarding the FTT. In the event that several financial intermediaries are involved, the obligation to make the payment of the FTT to the Italian tax authorities falls on the party that directly receives the transaction order from the parties. If no intermediary is involved in a transaction, the relevant parties referred to above must pay the FTT due directly to the Italian tax authorities.

A 0.02 per cent FTT has also been introduced on high frequency trading carried out on the Italian financial market.

Some exemptions may apply.

(I) Irish Taxation of the Securities issued by Mediobanca and Mediobanca International

The following is a summary of the Irish withholding tax treatment of the Notes. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes.

The summary is based upon the laws of Ireland and the published practices of the Revenue Commissioners of Ireland as in effect on the date of this Base Prospectus. Prospective investors in the Notes should consult their own advisers as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Notes including, in particular, the effect of any state or local law taxes, if applicable.

1. Irish Withholding Tax

Irish withholding tax applies to certain payments including payments of:

- Irish source yearly interest (yearly interest is interest that is capable of arising for a period in excess of one year);
- Irish source annual payments (annual payments are payments that are capable of being made for a period in excess of one year and are pure income-profit in the hands of the recipient); and
- Distributions (including interest that is treated as a distribution under Irish law) made by companies that are resident in Ireland for the purposes of Irish tax;

at the standard rate of income tax (currently 20 per cent).

On the basis that the relevant Issuer is not resident in Ireland for the purposes of Irish tax, nor does the relevant Issuer operate in Ireland through a branch or agency with which the issue of the Notes is connected, nor are the Notes held in Ireland through a depository or otherwise located in Ireland, then to the extent that payments of interest or annual payments arise on the Notes, such payments should not be regarded as payments having an Irish source for the purposes of Irish taxation.

Accordingly, the relevant Issuer or any paying agent acting on behalf of the relevant Issuer should not be obliged to deduct any amount on account of these Irish withholding taxes from payments made in connection with the Notes.

Separately, for as long as the Notes are quoted on a stock exchange, an investor should not be obliged to deduct any amount on account of Irish tax from a payment made by it in connection with the purchase of the Notes.

2 Irish Encashment Tax

Payments on any Notes paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Notes will be subject to Irish encashment tax at the

standard rate of Irish tax (currently 20 per cent), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Notes entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

(J) EU Savings Directive

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

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

On 24 March 2014, the European Council adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

Implementation in Italy

The EU Savings Directive was implemented in Italy by Legislative Decree No. 84 of 18 April 2005 (“**Decree 84**”). Pursuant to said decree Italian paying agents (e.g., banks, SIMs, SGRs, financial companies and fiduciary companies resident in Italy for tax purposes, permanent establishments in Italy of non-resident persons as well as any other person resident in Italy for tax purposes paying Interest for professional or commercial reasons) shall report to the Italian tax authorities details of Interest payments made to individuals which qualify as beneficial owners thereof and are resident for tax purposes in another EU Member State. Such information will be transmitted by the Italian tax authorities to the competent authorities of the State of residence of the beneficial owner.

Prospective investors resident in a Member State of the European Union should consult their own legal or tax advisers regarding the consequences of the EU Savings Directive in their particular circumstances.

With reference to the definition of interest subject to the above described regime, Article 2, paragraph 1, lett. a, of Decree 84 provides that it includes, *inter alia*: "interest paid or credited, on accounts arisen from receivables of whatever nature, secured or not by mortgage (...), in particular interest and any other proceed, arising from public bonds and other bonds".

Implementation in Luxembourg

By the law of 21 June 2005 (the "**Savings Law**"), Luxembourg has implemented the EU Savings Directive. Under the Savings Law, which is in effect as of 1 July 2005, Luxembourg levies a 35% withholding tax on payments of interest or other similar income by a paying agent within its jurisdiction to a residual entity (within the meaning of article 4.2 of the law of 1 July 2005) or to an individual resident in another EU member state or in certain dependent or associated territories with whom a bilateral agreement has been concluded, unless such individual agrees to an exchange of information regarding the interest or similar income it received between the tax authorities of Luxembourg and the tax authorities of his state of residence. The Luxembourg draft bill N° 6668, which was submitted to Parliament on 18 March 2014, is purporting to abolish the withholding tax principle to introduce an automatic exchange of information regarding the payment of interest or similar income. The entry into force of this reform is expected for 1 January 2015.

GENERAL INFORMATION

(1) Listing and Admission to Trading

The Central Bank of Ireland has approved this Base Prospectus as a base prospectus. Application has also been made to the Irish Stock Exchange for Notes issued under the Programme to be listed on the Official List of Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange. The Irish Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

However, Notes may be issued pursuant to the Programme which will not be listed or admitted to trading on the Irish Stock Exchange or any other stock exchange or which will be listed or admitted to trading on such stock exchange as the Issuers and the relevant Dealer(s) may agree.

The Central Bank of Ireland may, at the request of the relevant Issuer, send to the competent authority of another European Economic Area Member State: (i) a copy of this Base Prospectus; (ii) an Attestation Certificate; and (iii) if so required by such competent authority, a translation of the section of this Base Prospectus headed “*Summary of the Programme*”.

- (2) Each Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in Luxembourg and the Republic of Italy in connection with the establishment of the Programme and the issue and performance of the Notes and the guarantee relating to them. The establishment of the Programme, including the giving of the Guarantee, was authorised by a circular resolution of the Board of Directors of Mediobanca International passed on 12 February 2014, a resolution adopted by the Executive Committee of Mediobanca passed on 17 September 2013 and the decision (*determina*) assumed by the Managing Director (*Direttore Generale*) of Mediobanca on 15 January 2014, as amended and supplemented on 13 February 2014.
- (3) The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
- (4) Save as disclosed in this Base Prospectus at page 423, Mediobanca International (where Mediobanca International is the Issuer) is not and none of Mediobanca and its consolidated subsidiaries (where Mediobanca is the Issuer or the Guarantor) is or has been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document relating to claims or amounts which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability and, so far as Mediobanca or, as the case may be, Mediobanca International is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.
- (5) Neither Mediobanca nor Mediobanca International nor any of Mediobanca's subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may reasonably be expected to be material to such Issuer's ability to meet its obligations to Noteholders.

- (6) In the case of Mediobanca (a) since 31 December 2013 (being the day on which the latest available interim financial statements have been prepared) there has been no significant change in the financial or trading position of Mediobanca or its subsidiaries, and (b) since 30 June 2013 (being the last day of the financial period in respect of which the most recent audited annual financial statements of Mediobanca have been prepared) there has been no material adverse change in the financial or other position or prospects of Mediobanca or its subsidiaries.
- (7) In the case of Mediobanca International (a) since 31 December 2013 (being the day on which the latest available interim financial statements have been prepared) there has been no significant change in the financial or trading position of Mediobanca International, and (b) since 30 June 2013 (being the last day of the financial period in respect of which the most recent audited annual financial statements of Mediobanca International have been prepared) there has been no material adverse change in the financial or other position or prospects of Mediobanca International.
- (8) Notes will be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Final Terms.
- (9) For so long as the Programme remains in effect or any Notes remain outstanding, the following documents will be available in electronic form (unless the investor requests physical copies), and in the case of paragraphs (vii), (viii), (ix) and (x) below, may be obtained free of charge during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent and the Paying Agent:
- (i) the Issue and Paying Agency Agreement;
 - (ii) the Dealer Agreement;
 - (iii) the Deeds of Covenant;
 - (iv) the Deed of Guarantee;
 - (v) the Programme Manual (being a manual signed for the purposes of identification by the Issuers and the Fiscal Agent, containing suggested forms and operating procedures for the Programme, including the forms of the Notes in global and definitive form);
 - (vi) the By-laws (*Statuto*) of Mediobanca and articles of incorporation of Mediobanca International;
 - (vii) the Mediobanca Registration Document;
 - (viii) the published annual financial statements of Mediobanca International as at and for the years ended 30 June 2013 and 2012;
 - (ix) the consolidated annual financial statements of Mediobanca as at and for the years ended 30 June 2013 and 2012 and the unaudited consolidated interim financial statements of Mediobanca as at and for the six months ended 31 December 2013 and 2012;

- (x) Final Terms for Notes which are listed on the Official List of the Irish Stock Exchange or any other stock exchange;
 - (xi) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus.
- (10) Physical copies of the latest annual consolidated financial statements of Mediobanca and annual financial statements of Mediobanca International, may be obtained upon request at the specified office of the Paying Agent during normal business hours, so long as any of the Notes are outstanding.
- (11) The Issuers do not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities, except if required by any applicable laws and regulations.
- (12) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.
- (13) The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of Monte Titoli S.p.A. is Piazza degli Affari 6, 20123 Milan, Italy.

- (14) Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, Mediobanca and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Mediobanca or Mediobanca's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with Mediobanca routinely hedge their credit exposure to Mediobanca consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "affiliates" includes also parent companies.
- (15) With respect to Article 3 (2) of the Prospectus Directive the Issuers consent, to the extent and under the conditions, if any, indicated in the Final Terms, to the use of the Base Prospectus as long as the Base Prospectus is valid in accordance with Article 9 of the Prospectus Directive and accepts responsibility for the content of the Base Prospectus also with respect to subsequent resale or final placement of the Notes by any Dealer and/or financial intermediary which was given consent to use the prospectus.

Such consent may be given to all (general consent) or only one or more (individual consent) specified Dealers and/or financial intermediaries and/or for a limited or indefinite period, as stated in the Final Terms, and for Italy and/or Luxembourg as member states in which the Base Prospectus has been passported and which will be indicated in the relevant Final Terms.

Such consent by the Issuers is subject to each Dealer and/or financial intermediary complying with the terms and conditions described in this Base Prospectus and the relevant Final Terms as well as any applicable selling restrictions. The distribution of this Base Prospectus, any supplement to this Base Prospectus, if any, and the relevant Final Terms as well as the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law.

Each Dealer and/or each financial intermediary, if any, and/or each person into whose possession this Base Prospectus, any supplement to this Base Prospectus, if any, and the relevant Final Terms come are required to inform themselves about and observe any such restrictions. The Issuers reserve the right to withdraw its consent to the use of this Base Prospectus in relation to certain Dealers and/or each financial intermediary.

In case of an offer being made by a Dealer or a financial intermediary, such Dealer or financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.

If the Final Terms state that the consent to use the Base Prospectus is given to all Dealers or financial intermediaries (general consent), any Dealer or financial intermediary using the Base Prospectus is required to state on its website that it uses the Base Prospectus in accordance with the consent and the conditions attached thereto.

If the Final Terms state that the consent to use the prospectus is given to one or more specified Dealers or financial intermediaries (individual consent), any new information with respect to Dealers or financial intermediaries unknown at the time of the approval of the Base Prospectus or the filing of the Final Terms will be published on the website www.mediobanca.it.

REGISTERED OFFICE

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

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20121 Milan
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Mediobanca International (Luxembourg) S.A.

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Grand Duchy of Luxembourg

ARRANGER

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

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United Kingdom

Banca IMI S.p.A.

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BNP PARIBAS

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Grand Duchy of Luxembourg
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United Kingdom

As to Luxembourg law

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Grand Duchy of Luxembourg

TAX ADVISER TO MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

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PricewaterhouseCoopers, Société coopérative

400, route d'Esch B.P. 1443

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Luxembourg

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PricewaterhouseCoopers S.p.A.

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Howald - Hesperange

L-2085 Luxembourg

LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch

33, Rue de Gasperich

Howald - Hesperange

L-2085 Luxembourg