

LAUNCHPAD PROGRAMME

DATED 26 NOVEMBER 2009



**ABN AMRO Bank N.V.**

*(incorporated in The Netherlands with its statutory seat in Amsterdam)*

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BASE PROSPECTUS RELATING TO

**CREDIT LINKED NOTES**

ABN AMRO BANK N.V.

LAUNCHPAD PROGRAMME

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**PROSPECTIVE PURCHASERS OF THE NOTES DESCRIBED IN THIS BASE PROSPECTUS (THE "NOTES") SHOULD ENSURE THAT THEY UNDERSTAND FULLY THE NATURE OF THE NOTES AND THE EXTENT OF THEIR EXPOSURE TO THE RISKS ASSOCIATED WITH THE NOTES. THE MARKET PRICE AND/OR VALUE OF THE NOTES MAY BE VOLATILE AND HOLDERS OF THE NOTES MAY SUSTAIN A TOTAL LOSS IN THE VALUE OF THEIR INVESTMENT (UNLESS AT MATURITY THE NOTES ARE OF A TYPE IN WHICH CAPITAL IS PROTECTED). PROSPECTIVE PURCHASERS NEED TO CONSIDER THE SUITABILITY OF AN INVESTMENT IN THE NOTES IN LIGHT OF THEIR OWN FINANCIAL, FISCAL, REGULATORY AND OTHER CIRCUMSTANCES. PLEASE REFER, IN PARTICULAR, TO THE SECTIONS "RISK FACTORS" IN THIS BASE PROSPECTUS AND IN THE REGISTRATION DOCUMENT FOR A MORE COMPLETE EXPLANATION OF THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES.**

This document constitutes, when read together with the Registration Document (as defined below), a base prospectus (the "**Base Prospectus**") for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**").

ABN AMRO Bank N.V. (the "**Issuer**") accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has 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.

Application has been made to Euronext Amsterdam N.V. ("**Euronext Amsterdam**") for Notes to be admitted to trading and listed on Euronext Amsterdam by NYSE Euronext up to the expiry of 12 months from the date of this Base Prospectus. In addition, Notes may be listed or admitted to trading, as the case may be, on any other stock exchange or market specified in the applicable Final Terms. The Issuer may also issue unlisted Notes.

References in this Programme to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading and have been listed on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of Directive 93/22/EC (the "**Investment Services Directive**").

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or any Notes. Neither the delivery of this document nor the delivery of any other documents of the LaunchPAD Programme nor any information provided in the course of a transaction in Notes shall, in any circumstances, be construed as a recommendation by the Issuer to enter into any transaction with respect to any Notes. Each prospective investor contemplating a purchase of Notes should make its own independent investigation of the risks associated with a transaction involving any Notes.

The delivery of this document does not at any time imply that there has been no change in the affairs of the Issuer since the date of this Base Prospectus. The Issuer does not intend to provide any post-issuance information.

The distribution of this document and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of this document and other offering material relating to the Notes please refer to "Selling Restrictions" in this Base Prospectus.

This Base Prospectus is issued in replacement of an earlier Base Prospectus dated 3 November 2008.

In connection with the issue of any Notes, the dealer or dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that

which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Notes and 60 days after the date of the allotment of the relevant Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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## SUMMARY

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*This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Notes as described herein (the "Notes") should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. No civil liability attaches to the Issuer in respect of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area (an "EEA State"), the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.*

Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this summary.

**Issuer:**

ABN AMRO Bank N.V.

**History and Incorporation:**

The origin of ABN AMRO Bank N.V. ("**ABN AMRO Bank**") can be traced to the formation of "Nederlandsche Handel-Maatschappij, N.V." in 1825 pursuant to a Dutch Royal Decree of 1824. ABN AMRO Bank's Articles of Association were last amended by deed of 9 June 2005 executed before Mr. R.J.C. van Helden, Notary Public in Amsterdam. ABN AMRO Bank is registered in the Commercial Register of Amsterdam under number 33002587. ABN AMRO Bank's registered office is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

ABN AMRO Bank is a wholly-owned subsidiary of ABN AMRO Holding N.V. ("**ABN AMRO Holding**"), which is incorporated as a limited liability company under Dutch law by a deed of 30 May 1990 as the holding company of the ABN AMRO Group. The Articles of Association of ABN AMRO Holding were last amended by deed of 24 November 2008 executed before Mr. R. J. C. van Helden, Notary Public in Amsterdam. The registered office of ABN AMRO Holding is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands.

ABN AMRO Holding is the parent company of the ABN AMRO consolidated group of companies (referred to as the "**Group**", "**ABN AMRO**" or "**ABN AMRO Group**"). ABN AMRO Holding owns 100 per cent. of ABN AMRO Bank's shares and is jointly and severally liable for all our liabilities in respect of the Notes pursuant to a declaration under Article 2:403 of the Dutch Civil Code.

## **Overview:**

The ABN AMRO Group is an international banking group offering a wide range of banking products and financial services, including consumer, commercial and investment banking, on a global basis through a network of 970 offices and branches in five countries and territories, and as at 31 December 2008, had more than 55,000 full time staff. ABN AMRO reported total consolidated assets of EUR666.8 billion as at 31 December 2008.

On 17 October 2007 85.6 per cent. of ABN AMRO Holding N.V. was acquired through RFS Holdings B.V. ("**RFS Holdings**"), a company incorporated by a consortium consisting of The Royal Bank of Scotland Group plc ("**RBS**"), Banco Santander S.A. ("**Santander**"), Fortis N.V. and Fortis SA/N.V. ("**Fortis**"), each referred to as a "**Consortium Member**". ABN AMRO applied for de-listing of its ordinary shares from Euronext Amsterdam and the New York Stock Exchange. The de-listing of the ABN AMRO Holding N.V. ordinary shares and the (formerly convertible) preference shares with a nominal value of EUR2.24 each from Euronext Amsterdam and the de-listing of its American Depositary Shares ("**ADSs**") from the New York Stock Exchange was effected on 25 April 2008. Through subsequent purchases RFS Holdings has now become the sole shareholder of ABN AMRO Holding N.V.

RFS Holdings is controlled by RBS Group plc, which is incorporated in the United Kingdom and registered at 36 St. Andrew Square, Edinburgh, Scotland. RBS is the ultimate parent company of ABN AMRO Holding N.V. The consolidated financial statements of the Group are included in

the consolidated financial statements of RBS.

On 3 October 2008, the State of the Netherlands ("**Dutch State**") acquired all Fortis' businesses in The Netherlands, including the Fortis share in RFS Holdings. On 24 December 2008, the Dutch State purchased from Fortis Bank Nederland (Holding) N.V. its investment in RFS Holdings, to become a direct shareholder in RFS Holdings.

ABN AMRO is separately governed by its Managing Board and Supervisory Board and regulated by the Dutch Central Bank.

**Group Strategy:**

The organisational business units of ABN AMRO are described in further detail in the 2008 ABN AMRO Holding N.V. annual report.

From 1 January 2008 the management and control structure of ABN AMRO has been aligned with the consortium ownership of the Group. RBS acquired businesses consist of the business units Europe (which includes RBS acquired businesses in the Netherlands), and business units Americas and Asia. The Dutch State acquired businesses comprise of the Netherlands (excluding RBS acquired businesses) and Private Clients. Central Items includes head office functions and other items centrally managed. All Santander acquired businesses and the former business unit Asset Management are classified as discontinued.

In April 2008, the majority of the Group Asset and Liability Management portfolios were economically allocated to individual Consortium Members. From that date the assets and liabilities and related results are reflected in business unit Europe for the RBS allocated portfolios and business unit Netherlands for the Dutch State allocated portfolios.

The former regional client business unit Netherlands is no longer managed as a single component. To reflect the consortium ownership, the operating unit Netherlands within the Dutch State acquired businesses now excludes the Dutch wholesale client business. This has been added to the business

unit Europe.

## **One Group:**

### **Separation activity in 2008**

A number of businesses and client activities were transferred to RBS during 2008 and many businesses have been re-branded as RBS.

The transfer of business to RBS, in line with obtaining synergies and combining risk management, will continue in 2009. This process will reduce the scope of operations conducted by ABN AMRO. The core activities expected to remain will include global transaction services and local market functions.

Other assets and liabilities shared in ownership by the Consortium have significantly decreased. They have either been sold or are economically allocated to a Consortium Member. In 2008, the majority of the Group Asset and Liability Management portfolios were allocated to individual Consortium Members. Group Functions have been scaled down in line with the separation of businesses.

As the transfer of businesses to Santander is substantially complete, ABN AMRO consists now of the remaining RBS acquired businesses, the Dutch State acquired businesses and some residual shared assets.

### **Business description and planned separation activity for 2009**

RBS and the Dutch State have agreed that the Dutch State acquired businesses will be legally separated from the residual RBS acquired businesses into a new bank. A strategy is being developed in relation to the RBS acquired businesses that will remain in ABN AMRO. These businesses are principally part of the Global Banking & Markets, Global Transaction Services, Retail and Commercial Banking divisions of RBS Group.

It is intended that the Dutch State acquired businesses, which consist of the Dutch commercial and retail banking and

international private clients business, will be transferred into a new legal entity under a separate banking license, a request for which has been submitted to the Dutch Central Bank.

On 30 September 2009, ABN AMRO Bank published a press release (the "**Demerger Press Release**") announcing that on that date it filed documentation with the Amsterdam Chamber of Commerce in respect of a legal demerger in The Netherlands and Belgium (the "**Demerger Proposals**"). The Demerger Proposals outline the legal process for the transfer of the majority of the Dutch State acquired businesses into a separate legal entity, which will remain wholly owned by ABN AMRO Holding until it is legally transferred out of the ABN AMRO Group.

On 30 September 2009, ABN AMRO Bank also published pro forma financial information as of 31 December 2008 and 30 June 2009 reflecting the impact of the legal transfers and demergers on ABN AMRO Bank and pro forma financial information for the same dates on ABN AMRO Bank II N.V. (to be renamed ABN AMRO Bank N.V. (the "**Pro Forma Financial Information**").

On 7 October 2009, ABN AMRO Bank published a further press release setting out the proposed timeline of the separation process (the Timeline Press Release).

#### **Governance until legal separation**

Until the final legal separation, ABN AMRO Group will continue to be governed by the ABN AMRO Holding N.V. Managing Board and Supervisory Board and be regulated on a consolidated basis with capital adequacy and liquidity measures and exposures of the Group being reported to and regulated by the Dutch Central Bank.

Any future capital repatriations to individual Consortium Members are part of an overall capital plan agreed between all Consortium Members and are subject to regulatory approval.

#### **Issued debt instrument allocation**

As part of the separation process the Consortium Members have come to an agreement on the economic allocation of issued debt instruments within ABN AMRO to the individual Consortium Members' acquired businesses. All Santander allocated instruments were transferred as part of the business transfers carried out in 2008.

A list of the allocation of the remaining issued debt instruments to the RBS and the Dutch State acquired businesses can be found in the Registration Document on pages 10 to 13.

The LaunchPAD Programme has been economically allocated to the RBS acquired businesses of ABN AMRO.

#### **Announcement of legal demerger process**

On 30 September 2009 ABN AMRO Group announced that it has chosen a two-step approach to effect the legal separation of the assets and liabilities acquired by the Dutch State:

**Step 1** – "Legal Demerger": Transferring the majority of the Dutch State acquired businesses from ABN AMRO Bank (the "**Demerging Company**") to a new legal entity, ABN AMRO II N.V. (the "**Acquiring Company**"). Some subsidiaries and assets and liabilities are separately transferred to the Acquiring Company, mostly before the planned legal demerger date. Following the demergers and the transfer of the Dutch State acquired businesses into the new bank, the Demerging Company will be renamed The Royal Bank of Scotland N.V. The Acquiring Company comprising the Dutch State acquired businesses will then be renamed ABN AMRO Bank N.V.

**Step 2** – "Legal Separation": Transferring the shares of the renamed ABN AMRO Bank N.V. from ABN AMRO Holding to a new holding company fully owned by the Dutch State and independent of ABN AMRO Holding (which will be renamed RBS Holdings N.V.)

#### **Proposed Timeline**

Upon completion of the legal demerger procedures, ABN

AMRO plans to complete the legal demerger as early as possible in the first quarter of 2010. The group plans to legally separate within two months of effecting the legal demerger.

#### **Update on allocation**

Upon, and subject to, completion of the Legal Demerger as described under "Step 1" above:

- (a) the LaunchPAD Programme will remain with the Demerging Company, which will be renamed The Royal Bank of Scotland N.V.;
- (b) in respect of the LaunchPAD Programme, the services of the Initial Paying Agent in the Netherlands will be performed by the Acquiring Company and the services of the Principal Paying Agent and Calculation Agent will be performed by the Demerging Company.

#### **Guarantor:**

ABN AMRO Holding N.V. pursuant to its declaration under Article 2:403 of the Netherlands Civil Code.

#### **Risk Factors:**

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes, including the fact that the Issuer's results can be adversely affected by (i) general economic conditions and other business conditions; (ii) competition; (iii) regulatory change; and (iv) standard banking risks including changes in interest rates and foreign exchange rates and operational, credit, market, liquidity and legal risks, see "Risk Factors" in the Registration Document. In addition, there are certain factors which are material for the purpose of assessing the risks associated with the Notes, including but not limited to: (a) the value of the Notes may fluctuate based on the value of the specified Reference Entity, Reference Entities or Index; (b) there may not be a secondary market in the Notes; (c) holders of the Notes have no ownership interest in any obligation of any Reference Entity or in the Index; (d) the amount payable on redemption of the Notes may be less than the nominal amount of the Notes if a Credit Event occurs in respect of one or more Reference Entities; (e) the Final Price of a Reference Entity in respect of which a Credit Event has

occurred may be determined by way of an auction procedure and such procedure may be influenced by the Issuer or the Calculation Agent (or one of their respective Affiliates) and it may cause the Maturity Date of the Notes to be postponed; and (f) the Notes may be leveraged. Further, there may be certain conflicts of interest resulting from the Issuer's activities. See "Risk Factors" in this Base Prospectus.

**Principal Agent and Calculation Agent:** As specified in the applicable Final Terms.

**Listing and Admission to Trading:** Application has been made to Euronext Amsterdam for Notes to be admitted to trading and listed on Euronext Amsterdam by NYSE Euronext up to the expiry of 12 months from the date of this Base Prospectus. In addition, Notes may be listed or admitted to trading, as the case may be, on any other stock exchange or market specified in the applicable Final Terms. The Issuer may also issue unlisted Notes.

**Description of the Notes:** Credit Linked Notes, Basket Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranching Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes, Zero Coupon Equity Tranche Credit Linked Notes, Range Accrual Credit Linked Notes, Reverse Exposure Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes may be issued under this Base Prospectus in each case as specified in the applicable Final Terms and as set out further in (A) – (K) below. In addition, investors in Range Accrual Credit Linked Notes are directed to the section entitled "*Information regarding Range Accrual Credit Linked Notes*", below, for a description of certain provisions of these Notes. The Conditions applicable to such Notes are contained in the General Conditions (contained in this Base Prospectus) which are applicable to all Notes, the Product Conditions applicable to the particular type of Note being issued and the Final Terms applicable to the particular Series being issued (the "**Conditions**").

The Notes that may be issued under this Base Prospectus are

investment instruments which are linked to the credit risk of one or more specified companies or other entities.

**(A) Credit Linked Notes:**

In the case of Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to the specified Reference Entity, any interest on the Credit Linked Notes will cease to accrue at or (if so designated in the applicable Final Terms) prior to such time and each Credit Linked Note will be redeemed at the Credit Event Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of the specified Reference Entity, which, if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of a Credit Linked Note or may be zero. Notwithstanding the below formula, if Principal Protection is specified as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount.

The Credit Linked Notes may also be redeemed early in certain other circumstances unrelated to the existence of a credit event.

*Credit Event Redemption Amount:*

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an per Note amount calculated by the Calculation Agent in accordance with the following formula:

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

where:

"A" is the Nominal Amount specified in the applicable Final Terms;

"B" is the Final Price or the Auction Final Price, as applicable;  
and

"C" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

**(B) Basket Credit Linked Notes:**

In the case of Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to one or more of the specified Reference Entities (provided that a Credit Event has not, as a result, occurred in relation to all of the specified Reference Entities): (i) any interest accruing on the Basket Credit Linked Notes will be reduced proportionately from such time; (ii) in the case only of Basket Credit Linked Notes to which Credit Payment on Maturity does not apply, the Credit Event Amount will become due following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity; and (iii) on redemption of the Basket Credit Linked Notes the investor will receive the Credit Event Redemption Amount, which may be significantly less than the nominal amount of the Basket Credit Linked Notes or may be zero. In the case of Basket Credit Linked Notes to which Credit Payment on Maturity applies and in respect of which Principal Protection is specified as "Applicable" in the applicable Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount.

The Basket Credit Linked Notes may also be redeemed early in certain circumstances unrelated to the existence of one or more Credit Events.

Where the Conditions to Settlement have been satisfied in respect of each specified Reference Entity, each Note equal to the Nominal Amount shall be redeemed at (i) the Credit Event Amount due on the final Credit Event Payment Date (in the case of Basket Credit Linked Notes to which Credit Payment on Maturity does not apply) or (ii) the Credit Event Redemption Amount on the Credit Event Redemption Date (in the case of Basket Credit Linked Notes to which Credit Payment on Maturity does apply).

*Credit Event Amount (only for Basket Credit Linked Notes to which Credit Payment on Maturity is not applicable):*

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation

Agent in accordance with the following formula:

(a)  $A \times B \times C$ ; minus

(b) D

where:

"A" is the Nominal Amount specified in the applicable Final Terms;

"B" is the Final Price or the Auction Final Price, as applicable, in respect of the specified Reference Entity;

"C" is the relevant Weighting specified in the applicable Final Terms; and

"D" is Unwind Costs,

provided that in no event shall the Credit Event Amount be less than zero.

*Credit Event Redemption Amount (in the case of Basket Credit Linked Notes to which Credit Payment on Maturity applies):*

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

(1)  $A - B$ ; plus

(2) C; plus

(3) D; minus

(4) E

where:

"A" is the Nominal Amount;

"B" is the aggregate of the amounts calculated in respect of each Affected Reference Entity for which Conditions to Settlement have been satisfied on or prior to the earlier of the Maturity Date and the Credit Event Redemption Date equal to:

$A \times F$ ;

"C" is the aggregate of the amounts calculated in respect of each Affected Reference Entity for which Conditions to Settlement have been satisfied on or prior to the earlier of the Maturity Date and the Credit Event Redemption Date equal to:

$A \times F \times G$ ;

"D" is the aggregate of the Recovery Interest Amounts in respect of each Affected Reference Entity for which Conditions to Settlement have been satisfied and a Final Price or an Auction Final Price, as applicable, has been determined on or prior to the earlier of the Maturity Date and the Credit Event Redemption Date in each case determined as of such date;

"E" is Unwind Costs;

"F" is the relevant Weighting; and

"G" is the relevant Final Price or an Auction Final Price, as applicable, determined in accordance with the Conditions, provided that in no event shall the Credit Event Redemption Amount be less than zero.

*Credit Event Redemption Amount (in the case of Basket Credit Linked Notes to which Credit Payment on Maturity does not apply):*

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

(A)  $A - B$ ; minus

(B)  $D$ ,

where:

"A" is the Nominal Amount;

"B" is the aggregate of the amounts calculated in respect of each Affected Reference Entity for which Conditions to Settlement have been satisfied on or prior to the earlier of the

Maturity Date and the Credit Event Redemption Date equal to:

A x C;

"C" is the relevant Weighting; and

"D" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

**(C) First to Default Basket Credit Linked Notes:**

In the case of First to Default Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to one or more of the specified Reference Entities, any interest on the First to Default Basket Credit Linked Notes will cease to accrue at or (if so designated in the Final Terms) prior to such time and each First to Default Basket Credit Linked Note will be redeemed at the Credit Event Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity, which, if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of a First to Default Credit Linked Note or may be zero. Notwithstanding the below formula, if Principal Protection is specified as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount.

The First to Default Basket Credit Linked Notes may also be redeemed early in certain other circumstances unrelated to the existence of one or more Credit Events.

*Credit Event Redemption Amount:*

The amount per Note specified as such in the Final Terms or, if no such amount is specified in the Final Terms, an amount per Note calculated by the Calculation Agent in Accordance with the following formula:

(A) the Nominal Amount; minus

(B) the Loss Amount multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date; minus

(C) Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

**(D) Nth to Default Basket Credit Linked Notes:**

In the case of Nth to Default Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to one or more of the specified Reference Entities, no adjustments or payments shall be made in respect of the Notes unless and until the nth occurrence of the satisfaction of the Conditions to Settlement in respect of a specified Reference Entity (nth referring to a numerical value (e.g. 2nd, 3rd...) specified as such in the applicable Final Terms). On the nth occurrence of the satisfaction of the Conditions to Settlement, any interest on the Nth to Default Basket Credit Linked Notes will cease to accrue at or (if so designated in the Final Terms) prior to such time and each Nth to Default Basket Credit Linked Note shall be redeemed at the Credit Event Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of an Auction Final Price, as applicable, in respect of such specified Reference Entity, which if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of an Nth to Default Basket Credit Linked Notes or may be zero.

Notwithstanding the below formula, if Principal Protection is specified as "Applicable" in the applicable Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount.

The Nth to Default Basket Credit Linked Notes may also be redeemed early in certain circumstances unrelated to the

existence of one or more Credit Events.

*Credit Event Redemption Amount:*

The amount per Note specified as such in the Final Terms or, if no such amount is specified in the Final Terms, an amount per Note calculated by the Calculation Agent in Accordance with the following formula:

- (A) the Nominal Amount; minus
- (B) the Loss Amount which, in the case of Nth to Default Basket Credit Linked Notes, shall be determined in respect of the Reference Entity in respect of which the nth satisfaction of the Conditions to Settlement has occurred, multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date; minus

- (C) Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

**(E) Leveraged Credit Linked Notes and Leveraged Basket Credit Linked Notes:**

In the case of Leveraged Credit Linked Notes or Leveraged Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to (i) the specified Reference Entity in the case of Leveraged Credit Linked Notes or (ii) one or more of the specified Reference Entities in the case of Leveraged Basket Credit Linked Notes, any interest on the Notes will cease to accrue at or (if so designated in the applicable Final Terms) prior to such time and each Note will be redeemed at the Credit Event Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity, which, if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of the Note or may be zero.

In addition, following the occurrence of a Trigger Event the

Issuer shall have the right but not the obligation to redeem each Leveraged Credit Linked Note or Leveraged Basket Credit Linked Note (as applicable) at an amount equal to its Note Market Value determined on the Trigger Event Early Redemption Date, together with accrued interest calculated up to but excluding the Trigger Event Early Redemption Date. Notwithstanding the below formula, if Principal Protection is specified as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount

The Leveraged Credit Linked Notes and the Leveraged Basket Credit Linked Notes may also be redeemed early in certain other circumstances unrelated to the existence of a Credit Event or one or more Credit Events, as applicable.

*Credit Event Redemption Amount:*

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an per Note amount calculated by the Calculation Agent in accordance with the following formula:

- (A) the Note Market Value calculated on the day of determination of the Final Price for the specified Reference Entity (in respect of Leveraged Credit Linked Notes) or the Reference Entity (in respect of Leveraged Basket Credit Linked Notes) the Credit Event and satisfaction of the Conditions to Settlement in respect of which has resulted in the redemption of Notes; minus
- (B) the Loss Amount multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date,

provided that in no event shall the Credit Event Redemption Amount be less than zero,

where the Note Market Value is the aggregate of the market value, at the time of redemption, of each of the components of

the Note and the Loss Amount is the aggregate of the loss amounts (calculated in accordance with the Product Conditions) relating to each applicable reference entity and resulting from the Credit Event subject to application of the leverage factor, if any.

**(F) Tranching Basket Credit Linked Notes:**

In the case of Tranching Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to a specified Reference Entity and provided that the Credit Event Amount is greater than zero: (i) any interest accruing on the Tranching Basket Credit Linked Notes will be reduced proportionately from such time in relation to the weighting of each such Reference Entity; (ii) an amount will become due equal to the Credit Event Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity; and (iii) on redemption of the Tranching Basket Credit Linked Notes the investor will receive the Credit Event Redemption Amount, which, if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of the Tranching Basket Credit Linked Notes or may be zero.

The Tranching Basket Credit Linked Notes may also be redeemed early in certain circumstances unrelated to the existence of one or more Credit Events.

Upon the occurrence of a credit event and the satisfaction of the conditions to settlement in respect of a reference entity, where the related loss amounts (calculated in accordance with the Product Conditions) cause the Aggregate Loss Amount to be greater than the Maximum Loss Amount, each Note equal to the Nominal Amount shall be redeemed at the Credit Event Amount due on the final Credit Event Payment Date, unless Principal Protection is specified as "Applicable" in the Final Terms.

Notwithstanding the formula specified in *Credit Event Redemption Amount* below, if Principal Protection is specified

as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount minus the sum of all Credit Event Loss Amounts paid during the life of the Note.

*Credit Event Amount:*

The amount per Note specified in the Final Terms, or if no such amount is specified in the Final Terms:

(a) if the relevant Aggregate Recovery Amount is greater than the Detachment Amount, an amount per Note calculated by the Calculation Agent which is equal to:

(i) the lesser of:

(A) the Recovery Amount in respect of such Affected Reference Entity;

(B) the Aggregate Recovery Amount (calculated taking into account the Recovery Amount for such Affected Reference Entity) minus the Detachment Amount (subject to a minimum of zero); and

(C) the Tranche Size (prior to any reduction thereto in respect of such Affected Reference Entity);

multiplied by:

(ii) a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount at the relevant Credit Event Payment Date;

minus

(iii) the Unwind Costs; or

(b) otherwise zero.

*Credit Event Redemption Amount:*

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

(1) A - B; minus

(2) C,

where

"A" is the Nominal Amount;

"B" is the sum of the Tranche Reduction Amounts multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the date of redemption of the Notes; and

"C" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

**(G) Leveraged Tranched Basket  
Credit Linked Notes:**

In the case of Leveraged Tranched Basket Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to one of the specified Reference Entities and the aggregate loss amounts (calculated in accordance with the Product Conditions) calculated in respect of all specified Reference Entities exceeds the threshold specified in the applicable Final Terms, (i) any interest on the Leveraged Tranched Basket Credit Linked Notes will cease to accrue at or (if so designated in applicable Final Terms) prior to such time and each Leveraged Tranched Basket Credit Linked Note will be redeemed at the Credit Event Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity, which, if Principal Protection is specified as "Not Applicable"

in the Final Terms, may be significantly less than the nominal amount of the Leveraged Tranched Basket Credit Linked Notes or may be zero.

The Leveraged Tranched Basket Credit Linked Notes may also be redeemed early in certain circumstances unrelated to the existence of one or more Credit Events.

Notwithstanding the formula specified in *Credit Event Redemption Amount* below, if Principal Protection is specified as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note equal to the Nominal Amount.

*Credit Event Redemption Amount:*

The amount specified as such in the Final Terms or, if no such amount is specified in the Final Terms, an amount calculated by the Calculation Agent in accordance with the following formula:

- (1) the Note Market Value calculated on the day of determination of the Final Price or the Auction Final Price, as applicable, for the specified Reference Entity the Credit Event and satisfaction of the Conditions to Settlement in respect of which has resulted in the redemption of Notes; minus
- (2) the product of:
  - (I) the Tranche Reduction Amount multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date; and
  - (II) the Leverage Factor,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

**(H) Zero Coupon Equity Tranche  
Credit Linked Notes:**

In the case of Zero Coupon Equity Tranche Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in

relation to one or more of the specified Reference Entities, on redemption of the Zero Coupon Equity Tranche Credit Linked Notes the investor will receive the Credit Event Redemption Amount, which, if Principal Protection is specified as "Not Applicable" in the Final Terms, may be significantly less than the nominal amount of the Zero Coupon Equity Tranche Credit Linked Notes or may be zero.

The Zero Coupon Equity Tranche Credit Linked Notes may also be redeemed early in certain circumstances unrelated to the existence of one or more Credit Events.

Notwithstanding the formula specified in *Credit Event Redemption Amount* below, if Principal Protection is specified as "Applicable" in the Final Terms, the Credit Event Redemption Amount will be an amount per Note at least equal to the Nominal Amount.

*Credit Event Redemption Amount:*

The amount per Note specified as such in the Final Terms or, if no such amount is specified in the Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

(1)  $B \times (A - C)$ ; minus

(2) D

where:

"A" is the Nominal Amount;

"B" is the Scheduled Repayment Percentage;

"C" is the sum of the aggregate of all Tranche Reduction Amounts determined on or prior to the Scheduled Maturity Date multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Maturity Date; and

"D" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

*Scheduled Repayment Percentage:*

The amount specified as such in the Final Terms and used to calculate the Credit Event Redemption Amount payable to Holders of Zero Coupon Equity Tranche Credit Linked Notes.

**(I) Range Accrual Credit Linked Notes:**

In the case of Range Accrual Credit Linked Notes, no interest shall accrue on the Range Accrual Credit Linked Notes on days on which the level of the specified Index or the fixed rate applicable to the single specified Reference Entity, as applicable, falls at or outside certain specified limits.

In the case of Range Accrual Credit Linked Notes which reference an Index, if a Credit Event occurs and the Conditions to Settlement are satisfied in respect of a Reference Entity included in the then-current series of the specified Index, the calculation of interest will be postponed until the Final Price or the Auction Final Price, as applicable, for such Reference Entity is determined. Upon such determination, the Calculation Agent will calculate interest for the period of such postponement based on whether the level of such Index would have been outside the specified range if the Final Price or the Auction Final Price, as applicable, had been known when the Conditions to Settlement were satisfied.

In the case of Range Accrual Credit Linked Notes which reference a single Reference Entity, if a Credit Event occurs and the Conditions to Settlement are satisfied in respect of such Reference Entity, interest will cease to accrue on the Notes from the date on which the Conditions to Settlement are satisfied and the Notes will be redeemed on their scheduled maturity date at the Cash Amount.

Each Range Accrual Credit Linked Note will be redeemed at 100 per cent. of its Nominal Amount on its scheduled maturity date. The Range Accrual Credit Linked Notes may be redeemed early in certain circumstances unrelated to the existence of a Credit Event.

Please see section entitled "*Information regarding Range Accrual Credit Linked Notes*" for further details of Range Accrual Credit Linked Notes.

**(J) Reverse Exposure Credit Linked Notes:**

In the case of Reverse Exposure Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to the specified Reference Entity, each Reverse Exposure Credit Linked Note will be redeemed at a date determined pursuant to the applicable Final Terms at the Credit Event Redemption Amount following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of such specified Reference Entity. If no Credit Event occurs during the Notice Delivery Period or if, following the occurrence of a Credit Event, the Conditions to Settlement are not satisfied then each Reverse Exposure Credit Linked Note will be redeemed at the Cash Amount on the Maturity Date. Such amount may be significantly less than the amount which an investor might have received if it had invested the same amount in an interest-bearing debt security. Reverse Exposure Credit Linked Notes may also be redeemed early in certain other circumstances unrelated to the existence of a Credit Event.

No interest is payable in respect of Reverse Exposure Credit Linked Notes.

*Credit Event Redemption Amount:*

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

- (1) A + B; plus
- (2) the greater of
  - (a) zero; and
  - (b)  $C \times D \times (100\% - E)$ ; minus
- (3) F

where:

"A" is the Zero Coupon Bond Amount (representing the value of a notional zero coupon bond) as of the second Business Day preceding the Credit Event Redemption Date;

"B" is the Investment Value (representing the present value of certain notional cash flows) as of the relevant Credit Event Determination Date;

"C" is the Nominal Amount specified in the applicable Final Terms;

"D" is the Leverage Factor specified in the applicable Final Terms;

"E" is the Final Price or the Auction Final Price, as applicable; and

"F" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

**(K) Basket Reverse Exposure Credit  
Linked Notes:**

In the case of Basket Reverse Exposure Credit Linked Notes, if the Conditions to Settlement are satisfied following the occurrence of a Credit Event (as described below) in relation to one or more of the specified Reference Entities, the Credit Event Amount will be payable following the Calculation Agent's determination of the Final Price or the determination of the Auction Final Price, as applicable, in respect of each such Reference Entity. Each Basket Reverse Exposure Credit Linked Note will be redeemed at the Cash Amount on the Maturity Date, subject as set out below. If no Credit Event occurs during the Notice Delivery Period or if, following the occurrence of a Credit Event, the Conditions to Settlement are not satisfied in relation to at least one of the specified Reference Entities then the Cash Amount payable at maturity is likely to be the only benefit received by investors. Such amount may be significantly less than the amount which an investor might have received if it had invested the same amount in an interest-bearing debt security.

Where the Conditions to Settlement have been satisfied in respect of each specified Reference Entity, each Note equal to the Nominal Amount shall be redeemed at an amount equal to the value, as of the redemption of the Notes, of a notional zero coupon bond corresponding to the maturity and Nominal

Amount of the Notes.

The Basket Reverse Exposure Credit Linked Notes may also be redeemed early in certain other circumstances unrelated to the existence of one or more Credit Events.

In any event no interest is payable in respect of the Basket Reverse Exposure Credit Linked Notes.

*Credit Event Amount:*

The amount per Note specified as such in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

- (1)  $A \times B \times (100\% - C) \times D$ ; plus
- (2) E; minus
- (3) F

where:

"A" is the Nominal Amount as specified in the applicable Final Terms;

"B" is the Leverage Factor as specified in the applicable Final Terms;

"C" is the Final Price or the Auction Final Price, as applicable, in respect of the specified Reference Entity;

"D" is the relevant Weighting as specified in the applicable Final Terms;

"E" is a proportion of the Investment Value (representing the present value of certain notional cash flows) attributable to the specified Reference Entity as of the relevant Credit Event Determination Date; and

"F" is Unwind Costs,

provided that in no event shall a Credit Event Amount be less than zero.

**(L) Index Provisions:**

Each type of Notes may reference an Index, if Index provisions are specified in the applicable Final Terms, other than the following: Credit Linked Notes, Reverse Exposure

Credit Linked Notes, Basket Reverse Exposure Credit Linked Notes and Leveraged Credit Linked Notes.

**Investors should review carefully the provisions of this Summary, the Risk Factors (pages 34 to 46), the Questions and Answers (pages 47 to 69) and, in respect of Range Accrual Credit Linked Notes, the section entitled "*Information regarding Range Accrual Credit Linked Notes*" (pages 70 to 73), as well as the applicable Final Terms and other parts of this Base Prospectus.**

**(M) General Provisions:**

*Cash Amount:*

Provided that no Credit Event occurs (other than in the case of Basket Reverse Exposure Credit Linked Notes and Range Accrual Credit Linked Notes) and the Notes do not become redeemable prior to their scheduled maturity for any other reason under the Conditions, each Note will be redeemed at the Cash Amount specified in the applicable Final Terms on the relevant Maturity Date.

*Maturity Date:*

The Scheduled Maturity Date specified in the applicable Final Terms, subject to adjustment as set out in Product Condition 8.

*Credit Events:*

One or more of the following events, each as set out in the Product Conditions, in relation to a Reference Entity or its obligations:

- (i) Bankruptcy;
- (ii) Failure to Pay;
- (iii) Obligation Acceleration;
- (iv) Obligation Default;
- (v) Repudiation/Moratorium; or
- (vi) Restructuring,

or as otherwise specified in the applicable Final Terms.

*Conditions to Settlement:*

Following a Credit Event, the delivery by the Calculation Agent to the Issuer during the specified Notice Delivery Period of a Credit Event Notice and a Notice of Publicly Available Information of such Credit Event.

*Final Price:*

Where "Cash Settlement" is specified as the Settlement Method in the applicable Final Terms, the price of an

obligation (or, in the case of a Reference Entity included in an Index referenced by a Range Accrual Credit Linked Note, the average of the prices of various obligations of such Reference Entity, or such other calculation as is applicable to such Index) of a Reference Entity in respect of which a Credit Event has occurred and the Conditions to Settlement have been satisfied, expressed as a percentage, determined in accordance with the relevant valuation method.

The relevant obligation to be valued is referred to as either a Reference Obligation or a Valuation Obligation and is either specified in the applicable Final Terms, subject to adjustment (in the case of a Reference Obligation), or determined by the Calculation Agent following a Credit Event by reference to certain characteristics and criteria (in the case of a Reference Obligation or a Valuation Obligation).

The valuation method for the relevant obligation will be as specified in the applicable Final Terms and will involve the Calculation Agent obtaining or attempting to obtain quotations from market dealers for the relevant obligation on one or more valuation dates. The relevant dealers, types of quotation to be obtained and procedures where quotations are not available are set out in the applicable Final Terms and Product Conditions and may have a significant effect on the Final Price.

*Auction Settlement:*

Where "Auction Settlement" is specified as the applicable Settlement Method in the applicable Final Terms and an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the applicable rules published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time. Such Auction Final Price shall be applied to the calculation of the Credit Event Amount and/or the Credit Event Redemption Amount in respect of each type of Note, as applicable, in accordance with the Product Conditions and as set out in paragraphs (A) - (K) above.

Prospective investors should review the Conditions and the

applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

*Unwind Costs:*

In respect of each Note (other than First to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Leveraged Tranched Basket Credit Linked Notes and Range Accrual Credit Linked Notes) a *pro rata* share of all costs, fees, charges, expenses, taxes and duties incurred by the Issuer and/or any affiliates in connection with the termination of or relevant payment under the Notes and hedging unwind or adjustment costs, as more fully described in the Product Conditions or as otherwise set out in the applicable Final Terms, provided that, in the case of Principal Protected Notes the Unwind Costs shall only reduce the Credit Event Redemption Amount to the extent that such reduction does not cause the Credit Event Redemption Amount to be less than the Nominal Amount.

*Credit Event Redemption Date:*

(A) The day falling the number of Business Days specified in the Final Terms following the calculation of the Final Price or the Auction Final Price, as applicable, in respect of the relevant specified Reference Entity, or (B) where Principal Protection is specified as "Applicable" in the applicable Final Terms in relation to Credit Linked Notes, Basket Credit Linked Notes to which Credit Payment on Maturity does not apply, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranched Basket Credit Linked Notes, Leveraged Tranched Basket Credit Linked Notes and Zero Coupon Equity Tranche Credit Linked Notes, if Final Credit Event Redemption Date is specified in the Final Terms, the latest of (a) the Scheduled Maturity Date and (b) the first to occur of (i) the Postponed Maturity Date (if any), (ii) the due date for redemption pursuant to Product Condition 6(a)(1) or 7(a)(1), if applicable, and (iii) the day falling the number of Business Days specified in the Final Terms following the calculation of the Final Price or the Auction Final Price, as applicable, in respect of the

relevant specified Reference Entity (the day determined with reference to (a) or (b), the "**Final Credit Event Redemption Date**"), subject in each case as provided in the Product Conditions.

*Credit Event Payment Date:*

In relation to Basket Credit Linked Notes to which Credit Payment on Maturity does not apply, Nth to Default Basket Credit Linked Notes, Tranching Basket Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes, the day falling the number of Business Days specified in the Final Terms following the calculation of the Final Price, subject as provided in the Product Conditions.

**Credit Risk:**

The Notes are linked to the credit risk of one or more specified companies or other entities referred to as "Reference Entities". The Reference Entities are specified in the applicable Final Terms, subject to adjustment where there is a successor to any Reference Entity. In the case of certain notes, such Reference Entities comprise an Index.

**"First to Default" and "Nth to Default" Notes:**

If more than one Reference Entity is specified in the applicable Final Terms in relation to First to Default Basket Credit Linked Notes or Leveraged Basket Credit Linked Notes, a Credit Event may occur in relation to any one of such Reference Entities and, following the first such Credit Event to occur (or, if Credit Events occur on the same day in relation to more than one specified Reference Entity, the Credit Event which the calculation agent selects as being first (acting in good faith and in a commercially reasonable manner)), payments under the First to Default Basket Credit Linked Notes or Leveraged Basket Credit Linked Notes will then be determined by reference to such Credit Event. These types of instruments are often referred to as "first to default" credit linked notes and involve credit risk in relation to each Reference Entity specified.

If more than one Reference Entity is specified in the applicable Final Terms in relation to Nth to Default Basket Credit Linked Notes, a Credit Event may occur in relation to any one of the specified Reference Entities and no adjustments or payments

shall be made in respect of the Notes unless and until the nth occurrence of the satisfaction of the Conditions to Settlement in respect of a specified Reference Entity (nth referring to a numerical value (e.g. 2nd, 3rd...) specified as such in the applicable Final Terms). On the nth occurrence of a Credit Event in relation to a specified Reference Entity (or, if Credit Events occur on the same day in relation to more than one specified Reference Entity, the Credit Event which the calculation agent selects as being the nth to occur (acting in good faith and in a commercially reasonable manner)), payments under the Nth to Default Basket Credit Linked Notes will then be determined by reference to such Credit Event. These types of instruments are often referred to as "nth to default" credit linked notes and involve credit risk in relation to each Reference Entity specified.

In the case of Leveraged Tranching Basket Credit Linked Notes, a Credit Event may occur in relation to a specified Reference Entity and, provided that such Credit Event results in the aggregate loss amounts (calculated in accordance with the Product Conditions) calculated in respect of all specified Reference Entities exceeding the threshold specified in the applicable Final Terms, following such Credit Event and satisfaction of the Conditions to Settlement the Leveraged Tranching Basket Credit Linked Notes will be redeemed and the redemption amount will be determined by reference to such Credit Event. These types of instruments are similar to "first to default" notes and involve credit risk in relation to each Reference Entity specified.

**Additional Credit Risk:**

Because the Notes are debt obligations of the Issuer, investors rely on the Issuer's ability to fulfil its obligations under the Notes and therefore assume credit risk in relation to the Issuer as well as the Reference Entities.

**Indicative Issue Price:**

The Notes will be issued at their Nominal Amount or a percentage thereof as specified in the applicable Final Terms.

**Maturity:**

The Notes have a Scheduled Maturity Date, as specified in the applicable Final Terms, which is subject to adjustment where

the specified Notice Delivery Period referred to above is extended. The Notice Delivery Period shall not be extended for Range Accrual Credit Linked Notes.

Following the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of any specified Reference Entity, Credit Linked Notes, Leveraged Credit Linked Notes, First to Default Basket Credit Linked Notes, Leveraged Basket Credit Linked Notes and Reverse Exposure Credit Linked Notes will be redeemed at a date determined pursuant to the applicable Final Terms in accordance with the Product Conditions. Basket Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes will be redeemed prior to their Scheduled Maturity Date only if a Credit Event has occurred and the Conditions to Settlement have been satisfied in relation to all the specified Reference Entities.

Nth to Default Basket Credit Linked Notes may be redeemed prior to their Scheduled Maturity Date as a result of the nth occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of a specified Reference Entity (nth referring to numerical value (e.g. 2nd, 3rd.....) specified as such in the applicable Final Terms).

Leveraged Tranched Basket Credit Linked Notes will be redeemed prior to their Scheduled Maturity Date only as result of a Credit Event and satisfaction of the Conditions to Settlement in respect of a specified Reference Entity if such Credit Event results in the aggregate loss amounts (calculated in accordance with the Product Conditions) calculated in respect of all specified Reference Entities exceeding the lower threshold specified in the applicable Final Terms.

Tranched Basket Credit Linked Notes and Zero Coupon Equity Tranche Credit Linked Notes will be redeemed prior to their Scheduled Maturity Date only as result of a Credit Event and satisfaction of the Conditions to Settlement in respect of a specified Reference Entity if such Credit Event results in the aggregate loss amounts (calculated in accordance with the Product Conditions) calculated in respect of all specified

Reference Entities exceeding the maximum loss amount specified in the applicable Final Terms. See also "General Conditions: Early Redemption" below.

Range Accrual Credit Linked Notes will not be redeemed early as a result of a Credit Event and satisfaction of the Conditions to Settlement in respect of a specified Reference Entity or Reference Entities. Please see section entitled "*Information regarding Range Accrual Credit Linked Notes*".

**Interest:**

Credit Linked Notes, Basket Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranching Basket Credit Linked Notes and Leveraged Tranching Basket Credit Linked Notes may or may not bear interest, as specified in the applicable Final Terms. Zero Coupon Equity Tranche Credit Linked Notes, Reverse Exposure Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes will not bear interest.

Range Accrual Credit Linked Notes will bear interest as specified in the Final Terms, which interest will accrue on days on which the market level of the Notes' specified Index or the market fixed rate applicable to the Notes' specified Reference Entity falls within a specified range subject, as described in further detail in the section entitled "*Information regarding Range Accrual Credit Linked Notes*", to the occurrence of a Credit Event and the satisfaction of the Conditions to Settlement.

**General Conditions:**

Set out below is a summary of certain significant provisions of the General Conditions contained in this Base Prospectus applicable to all Notes issued under this Base Prospectus.

*Status of the Notes:*

The Notes constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

*Illegality:*

The Issuer may redeem any Notes early if it has determined in its absolute discretion that, for reasons beyond its control, its performance thereunder has become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable law. In such circumstances the Issuer will, to the extent permitted by law, pay to each Holder in respect of each Note held by such Holder an amount, calculated by the Issuer, as the fair market value of the Note immediately prior to such redemption (such fair market value determined ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements.

*Hedging Disruption:*

If a Hedging Disruption Event (as defined in General Condition 5) occurs, the Issuer will at its discretion (i) redeem the Notes and pay to each Holder in respect of each Note held by such Holder an amount, calculated by the Issuer, as the fair market value of the Notes immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements; or (ii) make any other adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Notes after adjusting for the relevant Hedging Disruption Event.

*Other Early Redemption:*

The Issuer may also terminate the Notes early in certain circumstances set out on the Product Conditions including in connection with the occurrence of Credit Events, certain disruption events, a merger of the Issuer and a Reference Entity or where a substitute Reference Obligation is not identified.

*Substitution:*

The Issuer may at any time, without the consent of the Holders, substitute for itself as principal obligor under the Notes any company, being any subsidiary or affiliate of the Issuer, including, for the avoidance of doubt, The Royal Bank

of Scotland plc, subject to certain conditions including the a requirement that the Issuer give the Holders at least 30 days' notice of such substitution.

*Taxation:*

The Holder (and not the Issuer) shall be liable for and/or pay any tax, duty or charge in connection with, the ownership of and/or any transfer, payment or delivery in respect of the Notes held by such Holder. The tax treatment of the Notes depends on the individual circumstances of each Holder and may be subject to change in the future. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable to any Holder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

*Adjustments for European Monetary Union:*

The Issuer may, without the consent of any Holder, on giving notice to the Holders elect that, with effect from the date specified in such notice, certain terms of the Notes shall be redenominated in euro. See General Condition 11.

*Form of Notes:*

The relevant Notes will be issued in global form.

*Settlement of Notes:*

The relevant Notes shall be cash settled.

*Governing Law:*

English law.

**Final Terms:**

Each Series will be the subject of Final Terms which will contain the final terms applicable to the Series. The form of the Final Terms applicable to the Notes is set out at the end of this Base Prospectus.

The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

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## RISK FACTORS

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*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued. Most of these factors are contingencies which may or may not occur and the Issuer is 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 are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

*Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.*

*Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in this section.*

### **General Risk Factors**

#### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued**

Each prospective investor in the Notes should refer to the Risk Factors section of the Registration Document for a description of those factors which may affect the Issuer's ability to fulfil its obligations under Notes issued.

#### **Factors which are material for the purpose of assessing the market risks associated with Notes issued**

##### ***The Notes are notes which entail particular risks***

The Notes to be issued are investment instruments which may or may not bear interest and which at maturity or earlier termination may or may not pay the Cash Amount, which Cash Amount may or may not be equal to the nominal amount of the relevant Note. In addition or alternatively the Notes may pay other amounts. As such, each Note will entail particular risks. Notes which are not capital protected at maturity may result in the Holder losing some or, in certain limited cases, all of his initial investment where Notes are repaid at maturity. Notes where the interest amount paid is dependent upon the performance of the Reference

Entity(ies) may result in the Holder receiving no or only a limited periodic return on his investment.

The price at which a Holder will be able to sell Notes prior to their redemption may be at a potentially substantial discount to the market value of the Notes at the issue date depending upon the performance of the Reference Entity(ies) at the time of sale.

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

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

- (a) 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 Final Terms;
- (b) have access to, and knowledge of, appropriate analytical tools to 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;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the prospective investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) 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.

Some 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 prospective 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 prospective investor's overall investment portfolio.

***The value of the Notes may fluctuate***

The value of the Notes may move up and down between their date of purchase and their maturity date. Holders may sustain a total loss of their investment (unless the Notes are of a type in which capital is protected at maturity). Prospective purchasers should therefore ensure that they understand fully the nature of the Notes before they invest in the Notes.

Several factors, many of which are beyond the Issuer's control, will influence the value of the Notes at any time, including the following:

- (a) *Creditworthiness of the Reference Entity(ies)*. The market price of the Notes at any time is expected to be affected primarily by changes in the creditworthiness of the Reference Entity(ies) to which such Notes are linked. It is impossible to predict how the creditworthiness of the specified Reference Entity(ies) will vary over time. Factors which may have an effect on the creditworthiness of the Reference Entity(ies) include the financial position and prospects of the Reference Entity(ies). In addition, the creditworthiness of the Reference Entity(ies) may depend on a number of interrelated factors, including economic, financial and political events and their effect on the capital markets generally and relevant stock exchanges. Prospective investors should also note that whilst the market value of the Notes is linked to the creditworthiness of the specified Reference Entity(ies) and will be influenced (positively or negatively) by it, any change may not be comparable and may be disproportionate. It is possible that while the creditworthiness of any Reference Entity(ies) is increasing, the value of the Notes may fall (in the case of Credit Linked Notes, Basket Credit Linked Notes, Leveraged Credit Linked Notes or Tranching Basket Credit Linked Notes) or that while the creditworthiness of any Reference Entity(ies) is decreasing, the value of the Notes may fall (in the case of Reverse Exposure Credit Linked Notes or Basket Reverse Exposure Credit Linked Notes). Further, where no market value is available for a Reference Entity, the Calculation Agent may determine its value to be zero.
- (b) *Interest Rates*. Investments in the Notes may involve interest rate risk with respect to the currency in which the Notes are denominated. A variety of factors influence interest rates such as macro-economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Notes.
- (c) *Volatility*. The term "volatility" refers to the actual and anticipated frequency and magnitude of changes of the market price (if any) of a Note. Volatility is affected by a number of factors such as macro-economic factors, speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of the Notes means prices will move up and down over time (sometimes more sharply than others).
- (d) *Exchange Rates*. Even where payments in respect of the Notes are not expressly linked to a rate or rates of exchange between currencies, the value of the Notes could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment in respect of the Notes is to be made and any currency in which Reference Obligations are denominated and any existing or future governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates at the date of issue of any Notes will be representative of the relevant rates of exchange used in computing the value of the relevant Notes at any time thereafter.

- (e) *Creditworthiness of the Issuer.* Any person who purchases the Notes is relying upon the creditworthiness of the Issuer and of Holding (pursuant to its declaration under Article 2:403 of the Netherlands Civil Code) and has no rights against any other person. The Notes constitute general, unsecured, contractual obligations of the Issuer and of no other person. The Notes rank pari passu among themselves.

***There may not be a secondary market in the Notes***

Prospective investors should be willing to hold the Notes through their life. The nature and extent of any secondary market in the Notes cannot be predicted. As a consequence any person intending to hold the Notes should consider liquidity in the Notes as a risk. If the Notes are listed or quoted on an exchange or quotation system this does not imply greater or lesser liquidity than if equivalent Notes were not so listed or quoted. However, if Notes are not listed or quoted there may be a lack of transparency with regard to pricing information. Liquidity may also be affected by legal restrictions on offers for sale in certain jurisdictions. The Issuer may affect the liquidity of the Notes by purchasing and holding the Notes for its own account during trading in the secondary market. Any such Notes may be resold at any time into the market.

***Purchasing the Notes as a hedge may not be effective***

Any person intending to use the Notes as a hedge instrument should recognise the correlation risk. The Notes may not be a perfect hedge to any exposure to a Reference Entity or portfolio of which the Reference Entity forms a part. In addition, it may not be possible to liquidate the Notes at a level which directly reflects the creditworthiness of any Reference Entity or portfolio of which the Reference Entity forms a part.

***Credit Risk and Credit Events***

The Notes are debt obligations of the Issuer. The amounts payable in respect of principal and interest on the Notes is dependent largely upon whether a Credit Event occurs in relation to one or more of the Reference Entities at any time prior to maturity of the Notes and also upon the creditworthiness of the Issuer.

Unless principal protection is specified in the Final Terms, in the case of Credit Linked Notes, Basket Credit Linked Notes, Leveraged Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranched Basket Credit Linked Notes, Leveraged Tranched Basket Credit Linked Notes and Zero Coupon Equity Tranche Credit Linked Notes, there is no "principal protection", "guaranteed interest" or minimum redemption amount following a Credit Event. Accordingly, Holders will be exposed to the credit of the Reference Entities to the full extent of their investment in the Notes and Holders may lose the entire amount invested in the Notes as a result of a Credit Event in respect of one or more Reference Entities.

In the case of Range Accrual Credit Linked Notes referencing an Index, Holders will receive a coupon that accrues only on days on which the level of the specified index falls within a specified range, subject as described below. The level of the specified index will be the closing mid-market level of the applicable index, as published by Markit. This market level reflects, among other things, the market's perception of the

likelihood of credit events in respect of the reference entities included in the index. The existence of a credit event and satisfaction of the conditions to settlement in respect of a Reference Entity included in such index results in a postponement of the calculation of interest on the Notes until the final price is determined in respect of such Reference Entity. If the final price for such Reference Entity is determined prior to such Note's scheduled maturity date, the Note will pay, following the determination of such final price, interest for the period from and including the date on which the conditions to settlement were satisfied for such Reference Entity to but excluding the date on which the final price was determined. Such interest will be determined based on whether the level of such index would have been within the specified range if such final price had been known when the conditions to settlement were satisfied. If a scheduled interest payment date falls between the date on which the conditions to settlement are satisfied and the date on which such final price is determined, the interest payable on such interest payment date will be deferred until the final price has been determined. An investor will be compensated for such deferral at the overnight interest rate. Investors in Range Accrual Credit Linked Notes referencing an index should be aware, therefore, that both the market level of the specified index and the satisfaction of the conditions to settlement following a credit event in respect of a Reference Entity included in the specified index can affect the number of days (if any) on which interest will accrue. In addition, investors in Range Accrual Notes referencing an Index should be aware that in some cases interest will be deferred or, if no final price is determined for a Reference Entity on or prior to its scheduled maturity date (where a credit event has occurred and the conditions to settlement have been satisfied) no interest will be payable for the period following the satisfaction of the conditions to settlement. Whether or not interest accrues, or is deferred as described above, a Range Accrual Credit Linked Note referencing an index will redeem at its nominal amount on the scheduled maturity date.

In the case of Range Accrual Credit Linked Notes referencing a single Reference Entity, Holders will receive a coupon that accrues only on days on which the market fixed rate applicable to the specified Reference Entity falls within a specified range, subject as provided below. The market fixed rate will be the closing mid-market fixed rate applicable to the specified Reference Entity published by Markit. This mid-market fixed rate reflects, among other things, the market's perception of the likelihood of a credit event in respect of the specified Reference Entity. The existence of a credit event and satisfaction of the conditions to settlement in respect of the specified Reference Entity results in a termination of the accrual of interest on the Notes. Investors in Range Accrual Credit Linked Notes referencing a single Reference Entity should be aware, therefore, that interest may accrue for only a portion, if any, of any interest period and that, if the conditions to settlement are satisfied following a credit event in respect of such Reference Entity, no further interest will be payable. Whether or not interest accrues, or the accrual of interest ends as described above, a Range Accrual Credit Linked Note referencing a single Reference Entity will redeem at its nominal amount on the scheduled maturity date.

In the case of Reverse Exposure Credit Linked Notes or Basket Reverse Exposure Credit Linked Notes, Holders have positive exposure to Reference Entities and so if a Credit Event occurs in respect of one or more Reference Entities which leads to a Credit Event Redemption Amount or Credit Event Amount(s)

being payable, the investment return (if any) from Reverse Exposure Credit Linked Notes or Basket Reverse Exposure Credit Linked Notes is likely to be greater than would otherwise be the case. However, no assurance is given that any Credit Event will occur.

Following the occurrence of certain specified events (which may include, amongst other things, Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring) in relation to a Reference Entity or its obligations (i) in the case of Credit Linked Notes, Leveraged Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes (for which aggregate loss amounts (calculated in accordance with the Product Conditions) in respect of all specified Reference Entities have exceeded the specified threshold) and Reverse Exposure Credit Linked Notes the Issuer's obligation to pay principal or interest, if any, will be replaced by an obligation to pay the Credit Event Redemption Amount calculated by reference to the value of the Reference Obligation, Valuation Obligation or market value of the Notes, as the case may be, which amount shall be payable either (A) on a date following the completion of such calculation or (B) on the final maturity date of the Notes, as specified in the applicable Final Terms; and (ii) in the case of Basket Credit Linked Notes, Tranching Basket Credit Linked Notes, Zero Coupon Equity Tranche Credit Linked Notes or Basket Reverse Exposure Credit Linked Notes the Issuer's obligation to pay principal or interest, if any, will continue but in respect of Basket Credit Linked Notes, Tranching Basket Credit Linked Notes (for which aggregate loss amounts (calculated in accordance with the Product Conditions) in respect of all specified Reference Entities have exceeded the specified threshold) and Zero Coupon Equity Tranche Credit Linked Notes, interest payments, if any, will reduce proportionately and (other than in the case of Basket Reverse Exposure Credit Linked Notes) a Credit Event Redemption Amount instead of a Cash Amount will be payable in respect of the Notes at maturity. In the case of Basket Reverse Exposure Credit Linked Notes, Tranching Basket Credit Linked Notes (for which aggregate loss amounts (calculated in accordance with the Product Conditions) in respect of all specified Reference Entities have exceeded the specified threshold), Basket Credit Linked Notes to which Credit Payment on Maturity does not apply a Credit Event Amount will also be payable. Prospective investors should be aware that, if the Credit Event Redemption Amount is not paid until the final maturity date of the Notes, the Notes may remain outstanding, without any interest accruing thereon, for a considerable amount of time following the occurrence of a credit event (as described above) and satisfaction of the conditions to settlement in respect of a Reference Entity.

The price of the Reference Obligation or Valuation Obligation is determined by reference to market dealer quotations and the Calculation Agent has considerable discretion in obtaining such quotations and also determining the Unwind Costs, if applicable, to be deducted from the Credit Event Redemption Amount or Credit Event Amount, as the case may be. See "Valuation following a Credit Event" below.

In the case of Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes and Leveraged Tranched Basket Credit Linked Notes, the market value of the Notes is calculated by reference to notionally embedded components of the Notes. Such components will include standard credit default swaps whose terms will be similar to those of the Notes. Determinations under these notionally embedded components will be made by reference to levels published by Markit (if available) and otherwise by the Calculation Agent in its sole discretion.

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

If a Credit Event occurs in respect of one or more Reference Entities, or in respect of the Issuer, Holders of Notes (other than Reverse Exposure Credit Linked Notes or Basket Reverse Exposure Credit Linked Notes) may receive less than would otherwise be payable.

### ***2003 ISDA Credit Derivatives Definitions***

While there are many similarities between the terms used in this Base Prospectus and the terms used in the 2003 ISDA Credit Derivative Definitions, as supplemented from time to time, (the "**Credit Derivative Definitions**"), there are a number of differences. In particular, the Issuer has determined that certain provisions of the Credit Derivatives Definitions, which are intended for use by market participants in "over the counter" transactions, require amendment when incorporated in the terms of an offering of securities such as the Notes. Therefore, a prospective investor should understand that the complete terms and conditions of the Notes are as set out in this Base Prospectus and the applicable Final Terms and that the Credit Derivative Definitions are not incorporated by reference herein. Consequently, investing in Notes is not necessarily 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 derivatives market, the credit derivatives market has evolved over time and is expected to continue to change. Consequently, the Credit Derivatives Definitions and the terms applied to credit derivatives are subject to 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, the Notes may not conform to future market standards. Such a result may have a negative impact on the Notes.

There can be no assurances that changes to the terms applicable to credit derivatives generally will be predicable or favourable to the Issuer or the Noteholders. Future amendments or supplements to the terms

applicable to credit derivatives generally will only apply to Notes that have already been issued if the Issuer amends such Notes to incorporate such amendments or supplements and other conditions to amending the Notes have been met.

### ***Risks relating to Auction Settlement of Credit Linked Notes***

#### ***Auction Settlement***

Where an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the relevant Transaction Auction Settlement Terms, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time. The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the specified Reference Entity or Reference Obligation. The Issuer and the Noteholders may have little or no influence in the outcome of any such auction.

#### ***Auction Final Price and the Issuer's ability to influence the Auction Final Price***

If the Notes are redeemed or a Credit Event Amount is to be paid following the occurrence of a Credit Event, the amount payable in respect of the Notes may be determined by reference to the Auction Final Price determined according to an auction procedure set out in the relevant Transaction Auction Settlement Terms. There is a possibility that the Issuer or the Calculation Agent (or one of their respective Affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant deliverable obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), the Issuer or the Calculation Agent (or an Affiliate of either of them) shall be under no obligation to consider the interests of any Noteholder.

If the relevant Credit Derivatives Determinations Committee does not decide to conduct an auction with respect to obligations of the specified Reference Entity satisfying the relevant characteristics as set out in the applicable Final Terms, then the Fallback Settlement Method shall apply. In such circumstances the Final Price will be determined pursuant to the Valuation Method.

#### ***Role of the Credit Derivatives Determinations Committee***

Credit Derivatives Determinations Committee were established pursuant to the March 2009 Supplement to the Credit Derivatives Definitions to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. In respect to a Credit Event relating to any Note, prospective purchasers should note that the relevant Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which

obligations are to be valued and whether an auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committee Rules, a form of which may be published by ISDA on its website at [www.isda.org](http://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. Consequently, the payments on the Notes and the timing of any such payments may be affected by any such relevant decisions or subsequent determinations if Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms. Prospective purchasers should also note that the Issuer or the Calculation Agent (or an Affiliate of either of them) may be a member of a relevant Credit Derivatives Determinations Committee and as such would have an influence on the decisions made by such Credit Derivatives Determinations Committee. In making any decisions the Issuer or the Calculation Agent (or an Affiliate of either of them) shall be under no obligation to consider the interests of any Noteholder.

### ***Credit Event and Succession Event Backstop Dates***

In respect of a Credit Event relating to a series of Credit Linked Notes, a Credit Event may not be triggered unless a request is submitted to ISDA for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event within 60 calendar days of the occurrence of such potential Credit Event unless a Credit Event Determination Date has already occurred with respect to such event. For Succession Events, the look-back period is 90 calendar days and functions similarly. These provisions mean that there is a time limit on the ability to act on a Credit Event or Succession Event and that it is possible that the Notes could be affected by a Credit Event or Succession Event that took place prior to the Trade Date.

### ***Settlement Suspension, Adjustments and Interest Provisions***

If, following the determination of a Credit Event Determination Date in accordance with sub-paragraph (a) of the definition of Credit Event Determination Date but prior to the Maturity Date or, to the extent applicable, a Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to determine the occurrence of a Credit Event, the Calculation Agent may at its option determine that the applicable timing requirements of the Product Conditions and the definitions of Credit Event Redemption Date, Valuation Date and any other provision of the Product Conditions as determined by the Calculation Agent in its sole discretion, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has resolved (a) that a Credit Event has or has not occurred or (b) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has made such resolution, the relevant timing requirements of the Product Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA.

In the event of any such Suspension Period, the Calculation Agent may make (i) such consequential or other adjustment(s) or determination(s) to or in relation to the Product Conditions as may be desirable or required

either during or following any relevant Suspension Period to account for or reflect such suspension and (ii) determine the effective date of such adjustment(s) or determination(s).

In the case of interest bearing Notes:

- (A) if a Suspension Period falls in any one or more Interest Period(s), then no interest (or any interest on any delayed payment of interest) shall accrue during each portion of an Interest Period or Additional Interest Period during which a Suspension Period exists; and
- (B) if an Interest Payment Date falls in a Suspension Period, such Interest Payment Date will be deferred until such date as determined by the Calculation Agent falling no earlier than the first Interest Payment Date and no later than the fifth Interest Payment Date following the end of the Suspension Period, all subject to the provisions of Product Condition 3 and Product Condition 7, 8, 9 and 12.

### ***Leverage***

Certain Notes may be leveraged. As a result, the overall potential return on such Notes is greater than if no leverage applied, and the overall potential loss, in the case of Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes and Leveraged Tranching Basket Credit Linked Notes, is greater than if no leverage factor applied. In addition, the market value of Notes to which leverage applies is more volatile than if leverage did not apply and, as a result, investors should be aware that changes in the market value of the obligations of the specified reference entity or reference entities will result in a magnified change in the market value of such Notes.

### ***Correlation amongst Reference Entities***

Investors should be aware that, in the case of Notes which reference a basket of Reference Entities and particularly where such Reference Entities are selected from similar industrial categories, the default or credit event correlation amongst such Reference Entities (i.e. the consequential effect that a default or credit event in respect of one Reference Entity may have on other Reference Entities in a basket) may affect the potential loss amounts (calculated in accordance with the Product Conditions) to the Noteholders. The higher the default or credit event correlation is, the higher the probability that, in some circumstances, a Credit Event will occur for a significant number of Reference Entities which will result in higher aggregate Loss Amounts and a potentially lower Credit Event Redemption Amount payable to Noteholders. Investors in Nth to Default Basket Credit Linked Notes should be aware that, although the occurrence of a Credit Event in respect of any Reference Entity prior to the nth occurrence of a Credit Event in respect of a Reference Entity will not affect payments on the Notes, the credit event correlation described above may increase the probability of a Credit Event occurring in respect of the nth Reference Entity. As a result, the benefits of potential diversification amongst Reference Entities (e.g. the selection of a variety of Reference Entities from dissimilar industrial categories) may be lost or significantly reduced.

### ***Index Rolls***

Range Accrual Credit Linked Notes referencing an index will refer at all times to the then-current series of such index. The methodology for changing, or "rolling", an index may differ from index to index. In general, an index will roll to a new series on regularly scheduled dates, and the new series will reflect the then-applicable criteria for the composition of the index. Investors should be aware that the upper and lower barriers of the range applicable to Range Accrual Credit Linked Notes will be adjusted upon such roll of the specified index, in order to take into account the impact of such change to the index's composition, and that the credit risk profile of the index may change at such time. Although these barriers will not change to reflect a change in version of a series of an index, investors should be aware of the possibility of increased volatility in the referenced version of the index if re-versioning does occur in respect of the then on-the run-index.

### ***Actions taken by the Issuer may affect the value of the Notes***

The Issuer and/or any of its affiliates may carry out activities that minimise its and/or their risks related to the Notes, including effecting transactions for their own account or for the account of their customers and may hold long or short positions in relation to Reference Entities whether for risk reduction purposes or otherwise. In addition, in connection with the offering of any Notes, the Issuer and/or any of its affiliates may enter into one or more hedging transactions in relation to Reference Entities. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in relation to Reference Entities which may affect the market price, liquidity or value of transactions in relation to Reference Entities and/or the Notes and which could be deemed to be adverse to the interests of the Holders. The Issuer and/or its affiliates are likely to modify their hedging positions throughout the life of the Notes whether by effecting transactions in relation to Reference Entities or in derivatives in relation to Reference Entities. Further, it is possible that the advisory services which the Issuer and/or its affiliates provide in the ordinary course of its/their business could lead to an adverse impact on the value of the Reference Obligations.

### ***No acceleration of the Notes***

Investors should note that there is no provision included in the Conditions of the Notes which will cause the Notes to be accelerated upon the occurrence of any event of default, bankruptcy, insolvency or other default in respect of the Issuer. Therefore the amount (if any) which an investor may receive upon redemption of the Notes after the occurrence of such an event may be less than the amount that would be payable on the final maturity of the Notes and as such the investor may be in a worse position than an investor who had invested in debt instruments of the Issuer which include such acceleration provisions.

### ***Factors relating to a Substitution***

In the event that the Issuer is to be substituted as principal obligor under the Notes by one of the Consortium

Banks or by an entity belonging to the group of one of the Consortium Banks, any such substitution has to comply with the requirements of General Condition 8 (Substitution), including the requirement that the substitute issuer qualifies as subsidiary or affiliate of the Issuer. It is currently expected that, as a result of the separation and transfer of the ABN AMRO business, one of the Consortium Banks and certain entities belonging to the group of the relevant Consortium Bank will qualify as affiliate of the Issuer within the meaning of the substitution clause. This would enable the substitution of the Issuer by the relevant Consortium Bank or by an entity belonging to the group of the relevant Consortium Bank provided the other requirements of the substitution clause will be met. Holders should be aware that as a result of a substitution (if any) the Notes will be subject to different risks in relation to the Substitute (as defined in General Condition 8 (Substitution)) assuming obligations of ABN AMRO Bank N.V. under the Notes. Such risks may include the credit risks of the Substitute, certain modifications being made to the terms and conditions of the Notes and other risks specific to the Substitute. Investors should note that following a substitution Holders will no longer have any claim or recourse against ABN AMRO Bank N.V. In addition, investors should be aware that no consent of the Holders will be required if the Issuer elects to exercise its substitution right in accordance with General Condition 8 (Substitution). However, no assurance is given that any substitution will occur in respect of the Notes.

***Holders have no ownership interest in any Reference Obligation***

The Notes convey no interest in any Reference Obligation. The Issuer may choose not to hold a Reference Obligation or any derivatives contracts linked to any Reference Obligation. There is no restriction through the issue of the Notes on the ability of the Issuer and/or its affiliates to sell, pledge or otherwise convey all right, title and interest in a Reference Obligation or any derivatives contracts linked to any Reference Obligation.

***Actions taken by the Calculation Agent***

The Calculation Agent is the agent of the Issuer and not the agent of the Holders or any of them. The Issuer may itself act as the Calculation Agent. The Calculation Agent will make such adjustments as it considers appropriate as a consequence of certain corporate actions affecting the Reference Entity(ies). In making these adjustments the Calculation Agent is entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion. The Calculation Agent is not required to make adjustments with respect to each and every such corporate action.

In particular, investors should note that the Calculation Agent shall be free to modify the methodology described in the Conditions to determine the amounts payable in respect of the Notes from time to time as it, acting in good faith and in a commercially reasonable manner, deems appropriate in response to any market, regulatory, juridical, fiscal or other circumstances which may arise which, in the opinion of the Calculation Agent, necessitate a modification or change of such methodology, or for the purposes of (i) curing any ambiguity or correcting or supplementing any provision of the Conditions, (ii) accounting for any change in the basis on which any relevant values, levels or information is calculated or provided which would

materially change the commercial effect of any provision or provisions of the Conditions or (iii) replacing any information provider or source.

***Taxes may be payable by investors***

Potential purchasers and sellers of the Notes should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Notes are transferred. Holders are subject to the provisions of General Condition 8 and payment and/or delivery of any amount due in respect of the Notes will be conditional upon the payment of any Expenses (including amounts in respect of tax) as provided in the Product Conditions.

Potential purchasers who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time and depend on a potential purchaser's individual circumstances. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

***The Notes may be redeemed prior to their stated date***

If the Issuer determines that the performance of its obligations under the Notes has become illegal or impractical in whole or in part for any reason or the Issuer determines that it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Notes for any reason, the Issuer may at its discretion and without obligation redeem the Notes early. If the Issuer redeems the Notes early, the Issuer will, if and to the extent permitted by applicable law, pay the holder of each such Note an amount determined by the Calculation Agent to be its fair market value less the cost to the Issuer of unwinding any underlying related hedging arrangements notwithstanding the illegality or impracticality. In such circumstances, a holder may receive less than the payment that would otherwise be made.

***Risks associated with Notes held in global form***

The Notes will initially be held by or on behalf of one or more clearing systems specified in the applicable Final Terms (each a "**Relevant Clearing System**"), either in the form of a global Note which will be exchangeable for definitive Notes only in the event of the closure of all Relevant Clearing Systems or in dematerialised form, depending on the rules of the Relevant Clearing System. For as long as any Notes are held by or on behalf of a Relevant Clearing System, payments of principal, interest (if any) and any other amounts will be made through the Relevant Clearing System, where required, against presentation or surrender (as the case may be) of the relevant global Note and, in the case of a temporary global Note, certification as to non-U.S. beneficial ownership. Holders bear risk with regard to the relevant Clearing System and any entity holding a global Note because the Issuer and any Paying Agent will treat the bearer of the relevant global Note, typically a depository for the Relevant Clearing System, or, in the case of Notes in dematerialised form, the Relevant Clearing System, as the sole holder of the relevant Notes with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes.

Notes which are held by or on behalf of a Relevant Clearing System will be transferable only in accordance with the rules and procedures for the time being of such Relevant Clearing System.

***Risk associated with nominee arrangements***

Where an investor holds Notes in a Relevant Clearing System through a third party on a nominee basis (a "**nominee service provider**") or such investor holds interests in any Note through accounts with a Relevant Clearing System, such investor will receive payments in respect of amounts due solely on the basis of the arrangements entered into by the investor with the relevant nominee service provider or Relevant Clearing System, as the case may be. Furthermore, such investor must rely on the relevant nominee service provider or Relevant Clearing System to distribute all payments or securities attributable to the relevant Notes which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or Relevant Clearing System, as well as the Issuer.

In addition, such a Holder will only be able to sell any Notes held by it prior to their stated maturity date with the assistance of the relevant nominee service provider.

None of the Issuer or any Paying Agent shall be responsible for the acts or omissions of any relevant nominee service provider or Relevant Clearing System nor makes any representation or warranty, express or implied, as to the service provided by any relevant nominee service provider or Relevant Clearing System.

***The return on an investment in Notes will be affected by charges incurred by investors***

An investor's total return on an investment in any Notes will be affected by the level of fees charged by the nominee service provider and/or Relevant Clearing System used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest, principal and other amounts. Prospective investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Notes.

***There may be a change of law which may affect the value of the Notes***

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

***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Issuer, any substitute Issuer or 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. The rating assigned to the Issuer, any substitute Issuer or to the Notes may increase or decrease over time. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations and/or review or regulation by certain authorities. Each prospective 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 by it as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### ***Valuation following a Credit Event***

The Credit Event Redemption Amount or Credit Event Amount, as applicable, will be determined by reference to the quotations given by market dealers for obligations of the specified Reference Entity on one or more valuation dates.

In certain circumstances the Calculation Agent may and is entitled to:

- (i) choose a date for valuation when the relevant obligations are at their lowest or highest value depending on the type of Notes;
- (ii) choose obligations for valuation that will attract the lowest or highest quotations depending on the type of Notes;
- (iii) act as a dealer and provide quotations (or an affiliate of the Calculation Agent may do so); and
- (iv) determine the relevant Unwind Costs, if applicable, to be deducted from the Credit Event Redemption Amount or Credit Event Amount, as the case may be.

Any of these actions may cause the relevant Credit Event Redemption Amount or Credit Event Amount, as the case may be, received by Holders to be lower than would otherwise be the case.

### ***No Due Diligence***

In connection with the issue of the Notes, none of the Issuer nor any member of the ABN AMRO Group has made or is making or will make any representations whatsoever as to any of the Reference Entities, their creditworthiness or any information contained in any document filed by any of the Reference Entities with any exchange or with any regulatory authority or governmental entity.

### ***Conflicts of Interest***

Each ABN AMRO Group company may deal in and accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking activities or other business, including any derivatives business (howsoever defined), with any of the Reference Entities or any of their subsidiaries or affiliates or any other person or entity having obligations relating to any of the Reference Entities and may act with respect to such activities or business without being accountable to any investor in the Notes in the same manner as if the Notes did not exist, regardless of whether any such action might have

an adverse effect (including, without limitation, any action which might constitute or give rise to any breach, event of default, credit event or termination event) on any of the Reference Entities or any investor in the Notes.

### ***Non-public Information***

The Issuer and each ABN AMRO Group company may, whether by virtue of the types of relationships described above or otherwise, at the issue date of the Notes or at any other time, be in possession of information in relation to any of the Reference Entities which is or may be material in the context of the Notes and which is or may not be known to the general public or to investors in the Notes. Purchase of the Notes by any investor does not create any obligation on the part of any of the Issuer or any ABN AMRO Group company to disclose to such investor any such relationship or information (whether or not confidential) and none of the Issuer nor any ABN AMRO Group company shall be liable to such investors by reason of such non-disclosure.

### ***No Legal Recourse to Reference Entities***

Neither investors nor the Issuer will have any legal recourse against any of the Reference Entities in connection with the Notes.

Investors in the Notes should conduct such independent investigation and analysis regarding the Reference Entities as they deem appropriate to evaluate the merits and risks of an investment in the Notes. A Note does not represent a claim against any Reference Entity or in respect of any obligation of a Reference Entity and, in the event of any loss, a Holder will not have recourse under the Notes to any Reference Entity. However, investors in the Notes will be exposed to the credit risk of the Reference Entities. No member of the ABN AMRO Group or any other person on their behalf makes any representation or warranty, express or implied, as to the credit quality of any Reference Entity or any obligations of a Reference Entity.

### ***Market value of the Notes***

The value of the Notes at any time may be volatile. The value of the Notes may move up and down between the date purchased and the Maturity Date. Several factors, many of which are beyond the control of the Issuer, will influence the value of the Notes, including:

- the price at which the credit risk of the Reference Entities is valued in credit derivative markets and the debt markets at any relevant time. These prices will themselves be affected by a number of factors and may have a significant effect on the value of the Notes even if a Credit Event does not occur, or does occur depending on the type of Notes;
- the volatility (that is, the frequency and magnitude of changes) of prices quoted or otherwise indicated in the credit derivatives and debt markets;
- interest and yield rates in the markets generally;

- economic, financial, political, regulatory or judicial events which may affect the market price of the Notes; and
- the creditworthiness of the Issuer and of Holding.
- Any person who purchases the Notes is relying upon the creditworthiness of the Issuer and of Holding (pursuant to its declaration under Article 2:403 of the Netherlands Civil Code) and has no rights against any other person.

Some or all of these factors will influence the price which the Holders will receive if they sell the Notes. The price at which a Holder will be able to sell Notes prior to the Maturity Date may be at a discount, which could be substantial, to the value of the Notes at the Issue Date, due to (amongst other things) the foregoing factors.

## QUESTIONS AND ANSWERS

*The following summary answers some questions that prospective investors might have regarding the Notes, in general terms only. It does not contain all the information which may be important to prospective investors. Prospective investors should read the Conditions of the Notes, the Summary, the Risk Factors and the more detailed information that is contained elsewhere in this Base Prospectus or is incorporated by reference in such documents. Prospective investors in Range Accrual Credit Linked Notes should also read the section entitled "Information regarding Range Accrual Credit Linked Notes", below. In addition, prospective investors should consult with their investment, legal, accounting, tax and other advisors with respect to any investment in the Notes.*

*The information contained in this section is subject in its entirety to the Conditions of the Notes.*

### **What are the Notes?**

The Notes are investment instruments issued by ABN AMRO Bank N.V. linked to the credit risk of one or more reference entities specified in the applicable Final Terms. Notes are any of the following, as specified in the applicable Final Terms:

- ***Credit Linked Notes***, under which the investor assumes exposure to one specified reference entity;
- ***Basket Credit Linked Notes***, under which the investor assumes exposure to a group of specified reference entities;
- ***Reverse Exposure Credit Linked Notes*** (which may be leveraged, if specified in the Final Terms), under which the investor receives an additional amount if a credit event occurs in respect of one specified reference entity;
- ***Basket Reverse Exposure Credit Linked Notes*** (which may be leveraged, if specified in the Final Terms), under which the investor receives additional amounts if a credit event occurs in respect of one or more of a group of specified reference entities;
- ***First to Default Basket Credit Linked Notes***, under which the investor assumes exposure to a group of specified reference entities and which may redeem upon the first credit event to occur in respect of one of the specified reference entities or, in the case of principal protected Notes, may redeem on the scheduled maturity date of the Notes;
- ***Nth to Default Basket Credit Linked Notes***, under which the investor assumes exposure to a group of specified reference entities

and which may redeem upon the nth occurrence of a credit event in respect of one of the specified reference entities (nth referring to numerical value (e.g. 2nd, 3rd.....)) or, in the case of principal protected Notes, may redeem on the scheduled maturity date of the Notes;

- **Leveraged Credit Linked Notes**, under which the investor assumes leveraged exposure to one specified reference entity;
- **Leveraged Basket Credit Linked Notes**, under which the investor assumes leveraged exposure to a group of specified reference entities and which redeem upon the first credit event to occur in respect of one of the specified reference entities;
- **Tranched Basket Credit Linked Notes**, under which the investor assumes exposure to a group of specified reference entities, where the exposure starts only when the aggregate of losses, due to credit events across all such reference entities, exceed a specified threshold and exists only until the aggregate of such losses reaches a specified maximum level;
- **Zero Coupon Equity Tranche Credit Linked Notes**, under which the investor assumes exposure to a group of specified reference entities, where (i) the exposure starts immediately upon the occurrence of any loss due to a credit event in respect of any such reference entity and exists only until the aggregate of such losses reaches a specified maximum level; (ii) no payments are made until the scheduled maturity date; and (iii) the amount paid at redemption is a specified multiple of the excess, if any, of the nominal amount over the aggregate of such losses.
- **Leveraged Tranched Basket Credit Linked Notes**, under which the investor assumes leveraged exposure to a group of specified reference entities, where the exposure starts only when the aggregate of losses due to credit events across all such reference entities exceeds a specified threshold and ends when such losses reach a specified maximum level and which redeem upon the first credit event to occur, in respect of one of the specified reference entities, that results in the aggregate losses exceeding the threshold; or
- **Range Accrual Credit Linked Notes** Please see section entitled

*"Information regarding Range Accrual Credit Linked Notes"..*

The Notes constitute the Issuer's unsecured and unsubordinated obligations and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

Credit events in respect of the specified reference entities will have an effect on the payments under the Notes. Except in the case of Reverse Exposure Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes, when principal protection does not apply to the Notes, the aggregate amount payable to the investor at maturity may be less than, or significantly less than, the amount payable if no credit event had occurred. In the case of Range Accrual Credit Linked Notes, the occurrence of a credit event in respect of a specified reference entity will cause the interest to cease to accrue, or the calculation of interest to be postponed, as described in further detail in the section entitled *"Information regarding Range Accrual Credit Linked Notes"*.

Payment on the Notes may deduct certain expenses of the Issuer. Certain payments on the Notes resulting from the occurrence of credit events will deduct the Issuer's unwind costs (see below) relating to such credit events.

Unless the Notes are redeemed early pursuant to the Conditions and provided that (other than in the case of Basket Reverse Exposure Credit Linked Notes and Range Accrual Credit Linked Notes) no credit event occurs in relation to the specified reference entity or specified reference entities (as applicable), each type of Notes will redeem at their Cash Amount at maturity.

**What is credit risk?**

Credit risk is the risk that a company or other entity (referred to in credit derivative transactions and in the terms and conditions of the Notes as the "**reference entity**") fails to perform its payment obligations under a transaction, when those obligations are due to be performed, as a result of a deterioration in its financial condition.

This is a risk for the other companies or parties which enter into transactions with the reference entity, hold obligations of the reference entity or in some other way have exposure to the credit of the reference entity. The terms "transactions" and "obligations" have broad meanings.

They can include, among other things, loan agreements entered into by the reference entity and securities issued by the reference entity.

Many financial institutions or banks will regularly quote prices for entering into or selling a transaction in which credit risk is transferred, referred to as a "**credit derivative transaction**". Credit derivative transactions are not obligations of the specified reference entity, but are agreements, between two other parties, that refer to a reference entity and its obligations. Credit derivative transactions may be a large part of a financial institution's or bank's business. If participants in the credit derivatives market think that a credit event (as described in the following paragraph) has become more likely to occur in relation to a particular reference entity, then the cost of buying credit protection through a credit derivative transaction will increase. This is regardless of whether or not there has been an actual default by the reference entity. The party purchasing credit protection under a credit derivative transaction is referred to as the "**protection buyer**" and the party selling credit protection (in other words, assuming the credit risk of the specified reference entity) is referred to as the "**protection seller**".

#### **What is a credit event?**

Credit events are determined by reference to certain types of obligations of, or guaranteed by, the reference entity or reference entities (referred to as "**obligations**"). Typical credit events may include (i) the insolvency of the reference entity, (ii) the reference entity's failure to pay a specified amount and (iii) a restructuring of the debt owed or guaranteed by the reference entity due to a deterioration in the reference entity's financial condition. Typical obligations may include (a) any obligation for the payment or repayment of borrowed money, (b) certain obligations represented by bonds or notes and (c) any obligation that is documented by a term loan agreement, revolving loan agreement or similar credit agreement.

In respect of each issue of Notes, the Final Terms will set out the types of events which may constitute a "**credit event**" in relation to the specified reference entity or reference entities.

#### **What happens in a credit derivative transaction if a credit event occurs?**

If a credit event occurs in respect of a specified reference entity or in respect of an obligation of such reference entity and certain procedures are satisfied (referred to as "**conditions to settlement**"), the credit protection seller may be obliged to take delivery, from the protection

buyer, of certain specified obligations of the reference entity at a price of par (typically 100 per cent. of the face amount of such obligations) or may be required to pay, to the protection buyer, the difference between par and the market price of the obligations following the credit event (such difference, the "**settlement amount**"). The market price of the obligations at that time is expected to be lower than par (because the reference entity has suffered a credit event, its obligations are less likely to be met and therefore are worth less in the market). The proceeds of any sale of the obligations in the market are called "**recoveries**". The settlement amount can also be thought of as an amount equal to the "**losses**" that would be incurred by the protection buyer on its holdings of obligations, without regard to the credit derivative transaction.

Often, the recovery value is determined through an auction process (an "**auction**") coordinated in accordance with pre-agreed parameters by ISDA and dealers in the credit derivatives markets. In other cases, the recovery value is determined by obtaining quotations for a specified obligation from other market participants.

Physical delivery of obligations when a credit event occurs will not apply to the Notes.

**What happens to the Notes if a credit event occurs?**

If a credit event occurs in respect of a specified reference entity and the calculation agent delivers certain notices to the Issuer notifying it of the credit event within the specified notice delivery period, the conditions to settlement will be satisfied in respect of such reference entity. The consequences then vary according to the type of Notes and whether or not principal protection applies.

- (i) ***Credit Linked Notes:*** If a credit event occurs and the conditions to settlement are satisfied in respect of the specified reference entity, any interest will cease to accrue at or (if so designated in the Final Terms) prior to such time. The Issuer will then redeem each Credit Linked Note at an amount determined by reference to the recovery value of certain obligations of the specified reference entity, as determined by the calculation agent, in the same manner as would be the case in determining a settlement amount under a credit derivative transaction, as described in "*What happens in a credit derivative transaction if a credit event occurs?*" above or, if principal protection applies, at their nominal amount.

Actual recoveries are likely to vary in respect of any credit event and, if principal protection does not apply to the Notes, no assurance is given that the redemption value of a Credit Linked Note will be greater than zero.

- (ii) ***Basket Credit Linked Notes:*** Any interest accruing on the Basket Credit Linked Notes will be reduced proportionately in relation to the principal amount applicable to each reference entity for which a credit event has occurred and the conditions to settlement are satisfied. In addition, for a Basket Credit Linked Note for which Credit Payment on Maturity is not applicable, a Credit Event Amount will become due in respect of each such reference entity when the corresponding recovery value is determined following such credit event.

Unless redeemed early for reasons (as set out in the Conditions) other than the occurrence of one or more credit events, each Basket Credit Linked Note will remain outstanding until the earlier of the maturity date and the determination by the calculation agent that conditions to settlement have been satisfied in respect of each of the specified reference entities. In either case, if a credit event has

occurred and the conditions to settlement are satisfied in respect of at least one reference entity, the redemption amount for the Notes will be the Credit Event Redemption Amount. The Credit Event Redemption Amount payable if Credit Payment on Maturity does apply will be greater than the Credit Event Redemption Amount payable where Credit Payment on Maturity does not apply by an amount equal to the sum of the Credit Event Amount(s) (which would have been payable at the time of the credit event(s), had Credit Payment on Maturity not applied) plus interest on such delayed payments.

In the same manner as would be the case in determining a settlement amount under a credit derivative transaction, the calculation agent will either apply the recovery value determined by the auction, or will obtain quotations for certain obligations of each specified reference entity for which conditions to settlement have been satisfied, as described in "*What happens in a credit derivative transaction if a credit event occurs?*" above, in order to determine the recovery value used in calculating the corresponding Credit Event Amount (if any) and the Credit Event Redemption Amount applicable to the Note.

Actual recoveries are likely to vary in respect of any credit event and no assurance is given that recoveries will be greater than zero. If a credit event occurs in respect of each specified reference entity and principal protection does not apply to the Notes, no assurance is given that the redemption value of a Basket Credit Linked Note will be greater than zero.

- (iii) ***Reverse Exposure Credit Linked Notes***: If a credit event occurs and the conditions to settlement are satisfied in respect of the specified reference entity, the Issuer will redeem each Reverse Exposure Credit Linked Note at an amount determined by reference to the difference between the nominal amount of the Note and the recovery value of certain obligations of such specified reference entity, which difference will correspond to the cash settlement amount which would be receivable by a credit protection buyer under a credit derivative transaction referencing such reference entity, as described above in "*What happens in a credit derivative*

*transaction if a credit event occurs?"* above. If the Reverse Exposure Credit Linked Note is leveraged, such amount will be multiplied by the specified leverage factor (see below).

For Reverse Exposure Credit Linked Notes, lower recovery values in respect of obligations of the specified reference entity in respect of which a credit event has occurred and the conditions to settlement have been satisfied correspond to a higher redemption amount for each Note.

Actual recoveries are likely to vary in respect of any credit event, and while recoveries may be equal to zero, recoveries may be significantly higher and no representation (express or implied) is given in this regard.

- (iv) ***Basket Reverse Exposure Credit Linked Notes***: An amount equal to the Credit Event Amount will become payable in respect of each reference entity in respect of which a credit event has occurred and the conditions to settlement are satisfied when the corresponding recovery value is determined.

Unless redeemed early for reasons (as set out in the Conditions) other than the occurrence of one or more credit events, each Basket Reverse Exposure Credit Linked Note will remain outstanding until the earlier of their scheduled maturity date and the determination by the calculation agent that the conditions to settlement have been satisfied in respect of each of the specified reference entities. If the Notes are redeemed following the satisfaction of the conditions to settlement in respect of each of the specified reference entities, the redemption amount will be an amount equal to the value, as of the redemption of the Note, of a notional zero coupon bond corresponding to the maturity and nominal amount of the Note. If the Notes are redeemed on their scheduled maturity date, the redemption amount will be equal to the relevant Cash Amount, determined as specified in the applicable Final Terms.

In the same manner as would be the case in determining a settlement amount under a credit derivative transaction, the calculation agent will either apply the recovery value determined by the auction, or will obtain quotations for certain obligations of each

specified reference entity for which the conditions to settlement are satisfied to determine the related recovery value. The relevant Credit Event Amount then includes an amount corresponding to the settlement amount which would be receivable by a credit protection buyer under a credit derivative transaction referencing such reference entity, as described in "*What happens in a credit derivative transaction if a credit event occurs?*" above. If the Basket Reverse Exposure Credit Linked Note is leveraged, such amount will be multiplied by the specified leverage factor (see below).

For Basket Reverse Exposure Credit Linked Notes, lower recovery values in respect of obligations of specified reference entities in respect of which a credit event has occurred and the conditions to settlement have been satisfied correspond to a higher redemption amount for each Note.

Actual recoveries are likely to vary in respect of any credit event and, while recoveries may be equal to zero, recoveries may be significantly higher and no representation (express or implied) is given in this regard.

- (v) ***First to Default Basket Credit Linked Notes:*** If a credit event occurs and the conditions to settlement are satisfied in respect of any specified reference entity, any interest will cease to accrue at or (if so designated in the Final Terms) prior to such time. The Issuer will then redeem each First to Default Basket Credit Linked Note at an amount equal to the nominal amount of the Note less a pro rata portion of the loss amount determined by reference to certain obligations of such specified reference entity. In the same manner as would be the case in determining a settlement amount under a credit derivative transaction, the calculation agent will either apply the recovery value determined by the auction, or will obtain quotations for certain obligations of the specified reference entity, as described in "*What happens in a credit derivative transaction if a credit event occurs?*" above, in order to determine the loss amount.

Each Note will be redeemed as described above if a credit event occurs and the conditions to settlement are satisfied in respect of one of the specified reference entities, even if no credit event has occurred in respect of any other reference entity included in the

basket.

Actual recoveries are likely to vary in respect of any credit event and, if principal protection does not apply to the Notes, no assurance is given that the redemption value of a First to Default Basket Credit Linked Note will be greater than zero.

(vi) ***Nth to Default Basket Credit Linked Notes***: If a credit event occurs and the conditions to settlement are satisfied in respect of any specified reference entity, no adjustments or payments shall be made in respect of the Notes unless and until the nth occurrence of the satisfaction of the conditions to settlement in respect of a specified reference entity (nth referring to a numerical value (e.g. 2nd, 3rd...)). On the nth occurrence of the satisfaction of the conditions to settlement, any interest will cease to accrue at or (if so designated in the Final Terms) prior to such time. The Issuer will then redeem each Nth to Default Basket Credit Linked Note at an amount equal to the nominal amount of the Note less a pro rata portion of the loss amount determined by reference to certain obligations of such specified reference entity. In the same manner as would be the case in determining a settlement amount under a credit derivative transaction, the calculation agent will either apply the recovery value determined by the auction, or will obtain quotations for certain obligations of the specified reference entity, as described in "*What happens in a credit derivative transaction if a credit event occurs?*" above, in order to determine the loss amount.

Each Note will be redeemed as described above upon the nth occurrence of a credit event and the satisfaction of the conditions to settlement in respect of one of the specified reference entities, even if no credit event has occurred in respect of the other remaining reference entities included in the basket.

Actual recoveries are likely to vary in respect of any credit event and, if principal protection does not apply to the Notes, no assurance is given that the redemption value of a Nth to Default Basket Credit Linked Note will be greater than zero.

(vii) ***Leveraged Credit Linked Notes***: If a credit event occurs and the conditions to settlement are satisfied in respect of the specified

reference entity, any interest will cease to accrue at or (if so designated in the Final Terms) prior to such time. The Issuer will then redeem each Leveraged Credit Linked Note at an amount equal to the market value of the Note less a pro rata portion of the product of the loss amount determined by reference to certain obligations of the specified reference entity and the specified leverage factor. In the same manner as would be the case for a settlement amount under a credit derivative transaction, the calculation agent will either apply the recovery value determined by the auction, or will obtain quotations for certain obligations of the specified reference entity, as described in "*What happens in a credit derivative transaction if a credit event occurs?*" above, in order to determine the loss amount.

- (viii) ***Leveraged Basket Credit Linked Notes:*** If a credit event occurs and the conditions to settlement are satisfied in respect of any specified reference entity any interest will cease to accrue at or (if so designated in the Final Terms) prior to such time. The Issuer will then redeem each Leveraged Basket Credit Linked Note at an amount equal to the market value of the Note less a pro rata portion of the product of the loss amount determined by reference to certain obligations of the specified reference entity and the specified leverage factor (see below). As would be the case for a settlement amount under a credit derivative transaction, the calculation agent will either apply the recovery value determined by the auction, or will obtain quotations for certain obligations of the specified reference entity, as described above in "*What happens in a credit derivative transaction if a credit event occurs?*" above, in order to determine the loss amount.

Leveraged Basket Credit Linked Notes are "first to default" Notes (see below) and so each Note will be redeemed if the conditions to settlement are satisfied in respect of one of the specified reference entities, even if no credit event has occurred in respect of any other reference entity included in the basket.

- (ix) ***Tranched Basket Credit Linked Notes:*** Any interest accruing on the Tranched Basket Credit Linked Notes will be reduced proportionately in relation to the principal amount applicable to

each specified reference entity for which a credit event has occurred and the conditions to settlement are satisfied but only when the aggregate losses calculated in respect of all specified reference entities exceed the specified threshold. In such circumstances and provided that the aggregate recoveries calculated in respect of all specified reference entities exceeds the specified detachment amount, a Credit Event Amount will become due in respect of each such reference entity.

Unless redeemed early for reasons (as set out in the Conditions) other than the occurrence of one or more credit events, each Tranching Basket Credit Linked Note will remain outstanding until the earlier of the maturity date and the determination by the calculation agent that the aggregate losses in excess of the threshold plus the aggregate recoveries in excess of the detachment amount, calculated in respect of all specified reference entities, exceeds the specified maximum loss amount. In either case, if a credit event has occurred and the conditions to settlement are satisfied in respect of at least one reference entity, the redemption amount for the Notes will be the Credit Event Redemption Amount (which may be zero).

In the same manner as would be the case for a settlement amount under a credit derivative transaction, the calculation agent will either apply the recovery value determined by the auction, or will obtain quotations for certain obligations of each specified reference entity for which conditions to settlement have been satisfied, as described above in "*What happens in a credit derivative transaction if a credit event occurs?*" above, in order to determine recovery values used in calculating the Credit Event Amount(s) (if any) and the Credit Event Redemption Amount (if any) applicable to each Note.

Actual recoveries are likely to vary in respect of any credit event and no assurance is given that aggregate recoveries will be greater than the detachment amount. If a credit event occurs in respect of each specified reference entity and principal protection does not apply to the Notes, no assurance is given that the redemption value of a Tranching Basket Credit Linked Note will be greater than zero.

- (x) ***Zero Coupon Equity Tranche Credit Linked Notes***: If the conditions to settlement are satisfied in respect of one or more specified reference entities, an investor holding a Zero Coupon Equity Tranche Credit Linked Note will receive the Credit Event Redemption Amount at the scheduled maturity of the Note.

Unless redeemed early for reasons (as set out in the Conditions) other than the occurrence of one or more credit events, each Zero Coupon Equity Tranche Credit Linked Note will remain outstanding until the maturity date, even if the calculation agent determines that the conditions to settlement have been satisfied in respect of each of the specified reference entities.

In the same manner as would be the case for a settlement amount under a credit derivative transaction, the calculation agent will either apply the recovery value determined by the auction, or will obtain quotations for certain obligations of each specified reference entity for which conditions to settlement have been satisfied, as described in "*What happens in a credit derivative transaction if a credit event occurs?*" above, in order to determine recovery values used in calculating the Credit Event Redemption Amount applicable to each Note.

Actual recoveries are likely to vary in respect of any credit event and no assurance is given that recoveries will be greater than zero. If a credit event occurs in respect of each specified reference entity and principal protection does not apply to the Notes, no assurance is given that the redemption value of a Zero Coupon Equity Tranche Credit Linked Note will be greater than zero.

- (xi) ***Leveraged Tranched Basket Credit Linked Notes***: If a credit event occurs and the conditions to settlement are satisfied in respect of any of the specified reference entities, provided that the aggregate losses calculated in respect of all specified reference entities exceeds the specified threshold, any interest will cease to accrue at or (if so designated in the Final Terms) prior to such time. The Issuer will then redeem each Leveraged Tranched Basket Credit Linked Note at an amount equal to the market value of the Note less a pro rata portion of the product of the loss amount determined by reference to certain obligations of such specified reference entity

and the specified leverage factor (see below).

In the same manner as would be the case for a settlement amount under a credit derivative transaction, the calculation agent will either apply the recovery value determined by the auction, or will obtain quotations for certain obligations of the specified reference entity, as described in "*What happens in a credit derivative transaction if a credit event occurs?*" above, in order to determine the loss amount.

Each Leveraged Tranching Basket Credit Linked Note will be redeemed if the conditions to settlement are satisfied in respect of one of the specified reference entities and the loss resulting from such credit event causes the aggregate of all losses in respect of the specified reference entities to exceed the threshold, even if no credit event has occurred in respect of any other reference entity included in the basket.

(xii) **Range Accrual Credit Linked Notes:** Please see section entitled "*Information regarding Range Accrual Credit Linked Notes*".

**How will the Credit Event Redemption Amount and/or Credit Event Amount be calculated?**

No Credit Event Amount or Credit Event Redemption Amount for any type of Note will be less than zero.

**Credit Linked Notes:** The Credit Event Redemption Amount is effectively the nominal amount of a Note multiplied by the recovery value for the specified reference entity (expressed as a percentage) minus certain unwind costs (see below). If principal protection applies (see below), the amount payable on redemption of each Note will be at least equal to the nominal amount of the Note.

No Credit Event Amount is payable on any Credit Linked Note.

**Basket Credit Linked Notes to which Credit Payment on Maturity does not apply:** The Credit Event Amount in respect of each credit event is effectively the product of the nominal amount of the Note, a pro rata portion of the recovery value for the reference entity in respect of which a credit event has occurred and the conditions to settlement have been satisfied (expressed as a percentage) and the weight applicable to such reference entity, minus certain unwind costs (see below). The Credit Event Redemption Amount is effectively the nominal amount of the Note minus the aggregate, for all reference entities in respect of which a

credit event has occurred and the conditions to settlement have been satisfied, of the nominal amount of the Note multiplied by the weight applicable to the reference entity, minus certain unwind costs (see below).

***Basket Credit Linked Notes to which Credit Payment on Maturity does apply:*** The Credit Event Redemption Amount is effectively (i) the nominal amount of the Note minus the aggregate, for all reference entities in respect of which a credit event has occurred and the conditions to settlement have been satisfied, of the nominal amount of the Note multiplied by the weight applicable to the reference entity, plus (ii) the nominal amount of the Note multiplied by a pro rata portion of the aggregate of the recovery values for each reference entity in respect of which a credit event has occurred and the conditions to settlement have been satisfied (expressed as a percentage), where each such recovery value has been multiplied by the weight applicable to the corresponding reference entity, plus (iii) interest on such weighted recovery values minus (iv) certain unwind costs (see below). If principal protection applies (see below), the amount payable on redemption of each Note will be at least equal to the nominal amount of the Note.

No Credit Event Amount is payable on any Basket Credit Linked Note to which Credit Payment on Maturity does apply.

***Reverse Exposure Credit Linked Notes:*** The Credit Event Redemption Amount is effectively (i) the sum of the value of a notional Zero Coupon Bond and an Investment (see below) corresponding to the maturity and nominal amount of the Note plus (ii) the product of the nominal amount of the Note, any applicable leverage factor (see below) and the difference between 100% and the recovery value for the specified reference entity (expressed as a percentage) minus (iii) certain unwind costs (see below).

No Credit Event Amount is payable on any Reverse Exposure Credit Linked Note.

***Basket Reverse Exposure Credit Linked Notes:*** The Credit Event Amount in respect of each credit event is effectively (i) the product of the nominal amount of the Note, the applicable leverage factor (see below) and the difference between 100% and the recovery value for the

reference entity in respect of which a credit event has occurred and the conditions to settlement have been satisfied (expressed as a percentage) multiplied by the weight applicable to such reference entity plus (ii) the present value of an Investment (see below) corresponding to the Note and to the number of reference entities in respect of which a credit event has occurred and the conditions to settlement have been satisfied, multiplied by the weight applicable to such reference entity, minus (iii) certain unwind costs (see below).

Each Basket Reverse Exposure Credit Linked Note will be redeemed at an amount equal to the value, as of the redemption of the Note, of a notional zero coupon bond corresponding to the maturity and nominal amount of the Note.

Even if one or more credit events occur, no Credit Event Redemption Amount will be paid on any Basket Reverse Exposure Credit Linked Note.

***First to Default Basket Credit Linked Notes:*** The Credit Event Redemption Amount is effectively the nominal amount of the Note minus a pro rata portion of the losses applicable to the specified reference entity in respect of which a credit event occurs and the conditions to settlement are satisfied first in time (such losses to be adjusted to reflect the weight applicable to such reference entity) minus certain unwind costs (see below).

If principal protection applies (see below), the amount payable on redemption of a Note will be at least equal to the nominal amount of the Note.

No Credit Event Amount is payable on any First to Default Basket Credit Linked Note.

***Nth to Default Basket Credit Linked Notes:*** The Credit Event Redemption Amount is effectively the nominal amount of the Note minus a pro rata portion of the losses applicable to the specified reference entity in respect of which the nth credit event occurs and satisfaction of the conditions to settlement has occurred (such losses to be adjusted to reflect the weight applicable to such reference entity) minus certain unwind costs (see below).

If principal protection applies (see below), the amount payable on

redemption of a Note will be at least equal to the nominal amount of the Note.

No Credit Event Amount is payable on any Nth to Default Basket Credit Linked Note.

***Leveraged Credit Linked Notes:*** The Credit Event Redemption Amount is effectively the market value of the Note minus the product of the specified leverage factor and a pro rata portion of the losses applicable to the specified reference entity in respect of which a credit event has occurred and the conditions to settlement have been satisfied. If principal protection applies (see below), the amount payable on redemption of each Note will be at least equal to the nominal amount of the Note.

No Credit Event Amount is payable on any Leveraged Credit Linked Note.

***Leveraged Basket Credit Linked Notes:*** The Credit Event Redemption Amount is effectively the market value of the Note minus the product of the specified leverage factor and a pro rata portion of the losses applicable to the first specified reference entity in respect of which a credit event occurs and the conditions to settlement are satisfied (such losses adjusted to reflect the weight applicable to such reference entity) where such losses result in the aggregate losses calculated in respect of all specified reference entities being greater than the specified threshold.

If principal protection applies (see below), the amount payable on redemption of each Note will be at least equal to the nominal amount of the Note.

No Credit Event Amounts are payable on any Leveraged Basket Credit Linked Note.

***Tranched Basket Credit Linked Notes:*** The Credit Event Amount in respect of each credit event that results in a Credit Event Amount being payable is effectively the product of:

- (i) the nominal amount of the Note; and
- (ii) a pro rata portion of the recovery value for the reference entity in respect of which a credit event has occurred and the conditions to settlement have been satisfied (expressed as a percentage), but only when and to the extent that the aggregate losses calculated

in respect of all specified reference entities exceeds the specified threshold and provided that the aggregate of recoveries calculated in respect of all specified reference entities exceeds the specified detachment amount; and

- (iii) the weight applicable to such reference entity, minus
- (iv) certain unwind costs (see below).

The Credit Event Redemption Amount in respect of each Tranche Basket Credit Linked Note is effectively the nominal amount of the Note less a pro rata portion of the aggregate of the losses for all reference entities in respect of which a credit event has occurred and the conditions to settlement have been satisfied (such losses adjust to reflect the weight applicable to such reference entity) minus certain unwind costs (see below). If principal protection applies (see below), the sum of the amount payable on redemption of each Note and all Credit Event Amounts paid prior to redemption will be at least equal to the nominal amount of the Note.

***Zero Coupon Equity Tranche Credit Linked Notes:*** The Credit Event Redemption Amount is effectively the product of the specified repayment percentage and the nominal amount of the Note less a pro rata portion of the aggregate of the losses in respect of all reference entities in respect of which a credit event has occurred and the conditions to settlement have been satisfied (such losses adjusted to reflect the weight applicable to such reference entity) (expressed as a percentage) minus certain unwind costs (see below). If principal protection applies (see below), the amount payable on redemption of each Note will be at least equal to the nominal amount of the Note.

No Credit Event Amount is payable on any Zero Coupon Equity Tranche Credit Linked Note.

***Leveraged Tranche Basket Credit Linked Notes:*** The Credit Event Redemption Amount is effectively the market value of the Note minus the product of the specified leverage factor and a pro rata portion of the losses applicable to the first specified reference entity in respect of which a credit event occurs and the conditions to settlement are satisfied first in time but only when the aggregate losses calculated in respect of all specified reference entities exceeds the specified threshold (such losses

adjusted to reflect the weight applicable to such reference entity).

If principal protection applies (see below), the amount payable on redemption of each Note will be at least equal to the nominal amount of the Note.

No Credit Event Amount is payable on any Leveraged Trunched Basket Credit Linked Note.

***Range Accrual Credit Linked Notes:*** Please see section entitled "*Information regarding Range Accrual Credit Linked Notes*".

**What is principal protection?**

Principal protection can apply to any of the Notes other than Basket Credit Linked Notes to which Credit Payment on Maturity does not apply, Reverse Exposure Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes. Range Accrual Credit Linked Notes are always scheduled to redeem at 100% of their nominal amount.

If the Final Terms state that principal protection applies, on final redemption of the Note the investor will be paid 100% of the nominal amount of the Note (unless a Note is a Trunched Basket Credit Linked Note, in which case the aggregate of the Credit Event Amounts paid prior to redemption, plus the Credit Event Redemption Amount, will be equal to 100% of the nominal amount of the Note), even if one or more credit events have occurred in respect of the specified reference entity or reference entities.

**What is an Investment?**

Under Reverse Exposure Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes, a portion of an investor's initial investment is deemed to be in respect of the purchase of the investor's right to receive additional payments under the Notes on the occurrence of any credit events in respect of a specified reference entity. The Investment represents the current value of such periodic payments.

**What is leverage?**

Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes and Leveraged Trunched Basket Credit Linked Notes represent leveraged exposure to the specified reference entity or reference entities. If specified in the Final Terms, Reverse Exposure Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes represent leveraged exposure to the decrease in the market value of obligations of one or more reference entities following a credit event.

Leverage means that the exposure taken by the investor for each unit of currency invested is a multiple of such investment, where the multiple is specified as the leverage factor. As a result, the overall potential return on such Notes is greater than if no leverage factor applied, and the overall potential loss, in the case of Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes and Leveraged Tranching Basket Credit Linked Notes, is greater than if no leverage factor applied. In addition, the market value of Notes to which leverage applies is more volatile than if leverage did not apply; in other words, changes in the market value of the obligations of the specified reference entity or reference entities will result in a magnified change in the market value of such Notes.

**What are trigger events?**

Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes and Leveraged Tranching Basket Credit Linked Notes may redeem early if, as specified in the Final Terms, either the aggregate losses calculated in respect of all specified reference entities exceeds a specified maximum loss level or the average spread for the specified reference entities exceeds a specified maximum spread level (each referred to as a "**trigger event**"). Only one trigger, either relating to the maximum loss level or relating to the average spread, will apply to a Series of Notes. A trigger relating to the maximum loss level can apply only to Leveraged Tranching Basket Credit Linked Notes.

If the Issuer elects to redeem a Note on a trigger event, an investor will receive the market value of the Note, plus accrued interest, at the time of redemption.

**What are unwind costs?**

Because the Notes may be redeemed early and/or different amounts may become payable when a credit event occurs, the Issuer and/or any of its affiliates may have to cancel early or adjust the arrangements it makes to offset, or hedge, its obligation to make payments under the Notes as payments fall due. These arrangements are referred to as "**hedging arrangements**". The aggregate costs of cancelling or adjusting any such hedging arrangements are referred to as "**unwind costs**" and a pro rata share of the unwind costs will be deducted from the Credit Event Redemption Amount or from each Credit Event Amount, as applicable, the investor receives.

As an example of such hedging arrangements, where the Credit Linked

Notes pay a fixed rate of interest, the Issuer may decide to enter into an interest rate swap agreement in which the Issuer and its counterparty exchange fixed interest amounts for floating interest amounts in order to hedge its interest rate exposure. Upon a credit event, the interest rate swap would be unwound at current market rates and a pro rata portion of any payments the Issuer is required to make in order to unwind the interest rate swap, together with any other unwind costs, would be deducted from the Credit Event Redemption Amount paid to the investor.

**How does the calculation agent determine if a credit event has occurred in relation to the Notes?**

Credit events which apply to any particular Note are set out in the Final Terms and are determined by the calculation agent. For example, a credit event may occur where the calculation agent determines that a specified reference entity:

- becomes insolvent;
- fails to pay its outstanding debt when due (normally subject to a minimum amount);
- restructures its outstanding debt;
- repudiates or declares a moratorium in relation to its outstanding debt and then restructures or fails to pay the outstanding debt; or
- has its outstanding debt accelerated for a reason other than a failure to make a required payment.

The conditions to settlement will not be satisfied unless the calculation agent obtains public information indicating that the credit event has occurred.

**Does credit risk affect the value of the Notes in any other way?**

In addition to the effects of a credit event described above under "*What happens to the Notes if a credit event occurs*" and, in respect of Range Accrual Credit Linked Notes, in the section entitled "*Information regarding Range Accrual Credit Linked Notes*", credit risk affects the value of a Note in several ways. For example, among other things:

- the market value of a Note may be affected negatively (in the case of Credit Linked Notes, Basket Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranching Basket Credit Linked Notes, Zero

Coupon Equity Tranche Credit Linked Notes, Leveraged Tranche Basket Credit Linked Notes and Range Accrual Credit Linked Notes) or positively (in the case of Reverse Exposure Credit Linked Notes or Basket Reverse Exposure Credit Linked Notes) when the probability of, or the market's perception of the probability of, a credit event occurring in respect of any specified reference entity increases, even if a credit event does not actually happen; and

- all payments due under a Note are ultimately subject to the creditworthiness of the Issuer and, as a consequence, the value of the Note may fall if the probability of, or the market's perception of the probability of, a credit event occurring in respect of the Issuer increases.

**How do changes in interest rates affect the value of the Notes?**

The market value of a Note may be affected by the change in interest rates. For fixed rate notes and notes that do not pay interest, all other things being equal, the market value of a Note will go down when interest rates go up and *vice versa*. A Note that pays floating rate interest will be less sensitive to interest rate movements.

**How do changes in share prices of a reference entity affect the value of the Notes?**

Taking credit risk on a reference entity by purchasing Notes is different from taking equity risk by investing in shares of that reference entity. There are a number of reasons for this. For example:

- credit derivatives reference debt obligations of the specified reference entity or reference entities, and a reference entity must pay amounts due to the creditors on these debt obligations before paying dividends or capital to shareholders;
- the obligations of a reference entity referenced by the Notes consist of bonds and other debt; holders of this type of debt will rank ahead of normal shareholders in the insolvency of a reference entity, and so may have (but are not guaranteed) a higher rate of recovery of moneys due to them;
- because the Notes reference these debt obligations, the market value of the Notes is related to (although not necessarily equal to) the value of these debt obligations; and
- there is no direct link between share prices and the value of the

Notes.

However, in some circumstances, change in the share price of a reference entity may result in or from, at a general level, a change in the market value of its debt and vice versa.

**What is the maturity of the Notes if a credit event does not happen?**

Each Note has a scheduled maturity as stated in the Final Terms. In the case of Range Accrual Credit Linked Notes, even if a credit event does occur in respect of one or more reference entities, the scheduled maturity of the Note will not be affected. (Please see section entitled "*Information regarding Range Accrual Credit Linked Notes*"). In the case of Basket Credit Linked Notes, Tranching Basket Credit Linked Notes, Zero Coupon Equity Tranche Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes, even if a credit event does occur, the scheduled maturity of the Note will not be affected unless (i) a credit event occurs in respect of each specified reference entity or (ii) in the case of Tranching Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit Linked Notes, where aggregate losses reach a specified maximum level. In the case of Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Reverse Exposure Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes and (subject to the specified threshold being exceeded) Leveraged Tranching Basket Credit Linked Notes, the Note will redeem if a credit event occurs in respect of one specified reference entity.

As set out in the Product Conditions, the maturity date of a Note may be extended if certain credit events have occurred, but the conditions to settlement have not been satisfied, prior to the scheduled maturity date.

**Do the Notes redeem at par?**

Each Note will redeem at the cash amount specified in the applicable Final Terms (which may or may not be par) unless (except in the case of Basket Reverse Exposure Credit Linked Notes and Range Accrual Credit Linked Notes) the conditions to settlement are satisfied in respect of a credit event, in which case the payments due on the Note will be as described in "*What happens to the Notes when a credit event occurs?*" above.

If one or more credit events have occurred and principal protection applies to any Note other than a Tranching Basket Credit Linked Note or

a Zero Coupon Equity Tranche Credit Linked Note, the Note will redeem at par, even if one or more credit events have occurred. If one or more credit events have occurred and principal protection applies, (i) Tranching Basket Credit Linked Notes will redeem at an amount equal to par less the aggregate of all Credit Event Amounts paid prior to the redemption; and (ii) Zero Coupon Equity Tranche Credit Linked Notes will redeem at an amount equal to the greater of (a) par and (b) the product of the specified repayment percentage and the nominal amount of the Note less a pro rata portion of the aggregate of the weighted losses in respect of all reference entities in respect of which a credit event has occurred and the conditions to settlement have been satisfied.

**Do the Notes pay interest?**

Credit Linked Notes, Basket Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Tranching Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes and Leveraged Tranching Basket Credit Linked Notes will pay interest if specified in the Final Terms.

Reverse Exposure Credit Linked Notes, Basket Reverse Exposure Credit Linked Notes and Zero Coupon Equity Tranche Credit Linked Notes will not pay interest.

Range Accrual Credit Linked Notes will pay interest in accordance with their terms and as described in further detail in the section entitled "*Information regarding Range Accrual Credit Linked Notes*".

**Will the Notes be rated?**

The Notes will not normally be assigned a credit rating.

**Will there be a secondary market in the Notes?**

ABN AMRO Bank N.V. may purchase Notes, subject to all regulatory requirements and the internal policies and procedures of ABN AMRO Bank N.V. However no assurance is given this will be the case and investors should be prepared to retain Notes until their maturity or earlier redemption or termination.

**When do the Notes redeem early for reasons other than a credit event?**

The Issuer has the right to redeem the Notes early in the event of a Hedging Disruption Event, or if the Issuer has determined that, for reasons beyond its control, its performance under the Notes has become unlawful in whole or in part, as more fully described in the General Conditions. In such circumstances the Issuer will, if and to the extent permitted, pay to each investor the fair market value of the Notes immediately prior to such termination (where such fair market value is

determined ignoring such illegality). Such fair market value will be determined by the Issuer and could be less than the amount a third party would pay for the Note. In such circumstances the investor in a Note will not be due any other amounts under the Note.

**How will I get paid any interest or redemption proceeds if I hold Notes?**

All transactions in the Notes will be executed through the clearing system specified in the Conditions. Investors or their representatives must be a participant, or arrange to hold Notes through a participant, of such clearing system.

**What will the Issuer do with the proceeds of the Notes issuance?**

The Issuer will use the proceeds of the issuance of the Notes for general corporate purposes and may (but is not required to) use the proceeds for hedging its obligations under the Notes.

**What is a "First To Default" Note?**

Only Leveraged Basket Credit Linked Notes and First to Default Basket Credit Linked Notes are First to Default Notes. When a credit event occurs in relation to any one of the reference entities specified in the applicable basket, each Note will be redeemed by payment of the Credit Event Redemption Amount as described in "*What happens to the Notes if a credit event occurs?*" above. Subsequent credit events in relation to other specified reference entities will not have an impact on such Note.

**What is an "Nth To Default" Note?**

Only Nth to Default Basket Credit Linked Notes are Nth to Default Notes. Upon the nth occurrence of a credit event and satisfaction of the conditions to settlement (nth referring to a numerical value (e.g. 2nd, 3rd...)) in relation to any one of the reference entities specified in the applicable basket, each Note will be redeemed by payment of the Credit Event Redemption Amount as described in "*What happens to the Notes if a credit event occurs?*" above. Subsequent credit events in relation to other specified reference entities will not have an impact on such Note.

**What is Auction Settlement?**

When a credit event occurs in respect of a reference entity that is referenced in a significant volume of credit derivative transactions, a determinations committee established by ISDA may determine that one or more auctions should be held in order to facilitate settlement of those transactions at the same time and at a fixed settlement price. During the auction process primary credit derivatives dealers that choose to participate in the auction submit prices at which they would buy and sell the reference entity's debt obligations and requests for physical settlement that they have received from their counterparties. For each reference

entity, the applicable settlement price determined in such an auction will be the recovery value referred to in the section entitled "*How will the Credit Event Redemption Amount and/or Credit Event Amount be calculated?*".

**Why was Auction Settlement developed?**

Historically auctions were held by ISDA from time to time following the occurrence of credit events in respect of widely traded reference entities. Market participants adhered to protocols that provided for auction settlement of their transactions, and this auction settlement became the primary settlement method for credit events on widely traded reference entities. As a result ISDA has facilitated, at the request of regulators in the U.S. and Europe and with the involvement of many participants in the credit derivatives markets, the "hardwiring" of auction settlement as a new settlement method into the documentation for credit derivative transactions. By means of general protocols published by ISDA, to which several thousand counterparties have adhered, auction settlement has become the market standard settlement method in the over-the-counter credit derivatives markets. Auction settlement is also being adopted by market participants for other credit-linked products such as the Notes.

**How will Auction Settlement apply in relation to the Notes?**

In the case of Notes for which "Auction Settlement" is specified as the settlement method in the applicable Final Terms, if a credit event occurs in respect of the relevant reference entity and an auction is held for that reference entity, the final price determined by such auction will apply in respect of that reference entity for the purposes of the Notes. The final price (or recovery value) so determined will apply to the calculation of the Credit Event Redemption Amount and/or the Credit Event Amount, as applicable. If no auction is held, cash settlement will apply in order to determine the applicable recovery value. See the section entitled "*How will the Credit Event Redemption Amount and/or Credit Event Amount be calculated?*".

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## INFORMATION REGARDING RANGE ACCRUAL CREDIT LINKED NOTES

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### A. STRUCTURE OF RANGE ACCRUAL CREDIT LINKED NOTES

#### **Description of the Notes**

Range Accrual Credit Linked Notes reference a range and either an index or a single reference entity the details of which are, in each case, specified in the applicable Final Terms.

An investor in a Range Accrual Credit Linked Note receives a periodic coupon that accrues, subject as provided below, only on days when the relevant spread (as described below) of the specified index or the specified single reference entity falls within a specified range. A credit event in respect of one or more of the reference entities included in the specified index (if the Notes reference an index) or in respect of the specified reference entity (if the Notes reference a single reference entity) will have an effect on the payments under the Notes as described below. The investor receives the principal amount of the Notes at their scheduled maturity, whether or not one or more credit events occurs.

#### **Accrual of interest**

Each Range Accrual Credit Linked Note will specify a range with an upper and lower barrier.

In the case of a Range Accrual Credit Linked Note referencing an index, interest will accrue on each day on which the relevant spread for the index is less than the upper barrier and greater than or equal to the lower barrier.

In the case of a Range Accrual Credit Linked Note referencing a single reference entity, interest will accrue on each day on which the relevant spread for the reference entity is less than the upper barrier and greater than or equal to the lower barrier.

No interest shall accrue on Range Accrual Credit Linked Notes on days on which the relevant spread for the specified index or the single specified reference entity (as applicable) falls outside the range.

#### **Relevant Spread**

The relevant spread reflects the market's perception of the likelihood of a credit event occurring to a reference entity and the likely value of obligations of a reference entity after such a credit event occurs.

**(a) Range Accrual Credit Linked Note referencing an index**

The relevant spread for an index will be the sum of the closing mid-market level of the applicable on-the-run index published by Markit and the aggregate of all loss amounts determined for reference entities included in such on-the-run index; provided that if Markit does not publish the closing mid-market level or the Calculation agent determines that the closing mid-market level published is out of date or materially incorrect, the Calculation agent will obtain dealer quotations for such mid-market level or, in the absence of at least two such quotations, will determine the relevant spread in accordance with the Conditions.

**(b) Range Accrual Credit Linked Note referencing a single reference entity**

The relevant spread for a single reference entity will be the mid-market fixed rate for a credit default swap on the specified reference entity, quoted on the market source specified in the Final Terms applicable to such Notes; provided that if such market source does not publish the mid-market fixed rate or the Calculation agent determines that the mid-market fixed rate published is out of date or materially incorrect, the Calculation agent will obtain dealer quotations for such fixed rate or, in the absence of at least two such quotations, will determine the relevant spread in accordance with the Conditions.

**Effect of changes in the likelihood of, or the market's perception of a likelihood of, a credit event**

The relevant spread for an index specified in the Final Terms of a Range Accrual Credit Linked Note may change and is likely to increase with an increase in the probability of, or the market's perception of the probability of, a credit event in respect of any reference entity included in the specified index. This change in the relevant spread may cause the relevant spread to reach or exceed the upper barrier of the specified range. Similarly, a reduction in the probability of, or in the market's perception of the probability of, a credit event in respect of a reference entity included in the specified index may cause the relevant spread to be less than the lower barrier of the specified range. On each day on which the relevant spread is equal to or exceeds the upper barrier, or is less than the lower barrier, no interest will accrue on such Range Accrual Credit Linked Notes, even if a credit event does not actually happen.

The relevant spread for a single reference entity specified in the Final Terms of a Range Accrual Credit Linked Note may change and is likely to increase with an increase in the probability of, or the market's perception of the probability of, a credit event in respect of such reference entity. This change in the relevant spread may cause the relevant spread to reach or exceed the upper barrier of the specified range. Similarly, a reduction in the probability of, or in the market's perception of the

probability of, a credit event in respect of such reference entity may cause the relevant spread to be less than the lower barrier of the specified range. On each day on which the relevant spread is equal to or exceeds the upper barrier, or is less than the lower barrier, no interest will accrue on such Range Accrual Credit Linked Notes, even if a credit event does not actually happen.

**B. CONSEQUENCES OF CREDIT EVENT AND SATISFACTION OF THE CONDITIONS TO SETTLEMENT:**

**No loss of principal**

Each Range Accrual Credit Linked Note will be redeemed at 100 per cent. of its par amount on its scheduled maturity date, regardless of whether or not any credit events occur. The Range Accrual Credit Linked Notes may be redeemed early in certain circumstances unrelated to the existence of a credit event. No Credit Event Amount or Credit Event Redemption Amount is payable on any Range Accrual Credit Linked Note.

**No early redemption**

Range Accrual Credit Linked Notes have a scheduled maturity date as specified in the applicable Final Terms. The Notes will not be redeemed early as a result of a credit event in respect of a specified reference entity or reference entities.

**Changes to accrual of interest**

**(a) Interest ceases to accrue on a Range Accrual Credit Linked Note referencing a single reference entity**

If a credit event occurs and the conditions to settlement are satisfied in respect of a single reference entity referenced by a Range Accrual Credit Linked Note, interest will cease to accrue on the Notes from the date on which the conditions to settlement are satisfied and each Note will be redeemed on its scheduled maturity date at the Cash Amount.

**(b) Interest continues to accrue on Range Accrual Credit Linked Note referencing an index, although calculation and payment of interest may be deferred**

If a credit event occurs and the conditions to settlement are satisfied in respect of a reference entity included in the on-the-run series of the Index referenced by a Range Accrual Credit Linked Note, the calculation of interest will be postponed until the final price for such reference entity is determined. Upon such determination, the calculation agent will calculate the interest applicable to such postponement period based on whether the level of such Index would have been within the specified range if the final price for such reference entity had

been known as of the date on which the conditions to settlement were satisfied. If a scheduled interest payment date falls between the date on which the conditions to settlement are satisfied and the date on which the final price is determined, an investor will be compensated for such deferral at the overnight interest rate. Each Note will be redeemed on its scheduled maturity date at the Cash Amount.

#### **Effect of index rolls on Range Accrual Credit Linked Notes referencing an index**

Range Accrual Credit Linked Notes referencing a index will refer at all times to the then-current series of such index. The upper and lower barriers of a specified range will be adjusted to reflect the changes to the index's composition each time a new series of the specified index is created. Although these barriers will not be adjusted to reflect a new version of a current series ("re-versioning"), investors should be aware of the possibility of increased volatility in the level of the referenced version of the current series of the on-the-run index if re-versioning does occur.

The methodology for changing, or "rolling", a index may differ from index to index. In general, a index will roll to a new series on regularly scheduled dates, and the new series will reflect the then-applicable criteria for the composition of the index. These changes to the composition may change the credit risk profile of the index, which may in turn affect the interest payments under the Range Accrual Credit Linked Notes referring to the index.

#### **Effect of succession events on the relevant spread**

If a succession event occurs in respect of a reference entity included in an index referenced by a Range Accrual Credit Linked Note or a single reference entity referenced by a Range Accrual Credit Linked Note, the credit risk profile of the index or the single reference entity (as applicable), and consequently the credit risk profile of such Notes and the relevant spread for such index or single reference entity (as applicable), may change, which may in turn affect the interest payments under the Range Accrual Credit Linked Notes referring to such index or such single reference entity (as applicable).

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## ESSENTIAL CHARACTERISTICS OF THE ISSUER

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The origin of ABN AMRO Bank N.V. ("**ABN AMRO Bank**") can be traced to the formation of "Nederlandsche Handel-Maatschappij, N.V." in 1825 pursuant to a Dutch Royal Decree of 1824. ABN AMRO Bank's Articles of Association were last amended by deed of 9 June 2005 executed before Mr. R.J.C. van Helden, Notary Public in Amsterdam. ABN AMRO Bank is registered in the Commercial Register of Amsterdam under number 33002587. ABN AMRO Bank's registered office is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

ABN AMRO Bank is a wholly-owned subsidiary of ABN AMRO Holding N.V. ("**ABN AMRO Holding**"), which is incorporated as a limited liability company under Dutch law by a deed of 30 May 1990 as the holding company of the ABN AMRO Group. The Articles of Association of ABN AMRO Holding were last amended by deed of 24 November 2008 executed before Mr. R. J. C. van Helden, Notary Public in Amsterdam. The registered office of ABN AMRO Holding is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands.

ABN AMRO Holding is the parent company of the ABN AMRO consolidated group of companies (referred to as the "**Group**", "**ABN AMRO**" or "**ABN AMRO Group**"). ABN AMRO Holding owns 100 per cent. of ABN AMRO Bank's shares and is jointly and severally liable for all our liabilities in respect of the Notes pursuant to a declaration under Article 2:403 of the Dutch Civil Code.

The ABN AMRO Group is an international banking group offering a wide range of banking products and financial services, including consumer, commercial and investment banking, on a global basis through a network of 970 offices and branches in five countries and territories, and as at 31 December 2008, had more than 55,000 full time staff. ABN AMRO reported total consolidated assets of EUR666.8 billion as at 31 December 2008.

On 17 October 2007 85.6% of ABN AMRO Holding N.V. was acquired through RFS Holdings B.V. ("**RFS Holdings**"), a company incorporated by a consortium consisting of The Royal Bank of Scotland Group plc ("**RBS**"), Banco Santander S.A. ("**Santander**"), Fortis N.V. and Fortis SA/N.V. ("**Fortis**"), each referred to as a "**Consortium Member**". ABN AMRO applied for de-listing of its ordinary shares from Euronext Amsterdam and the New York Stock Exchange. The de-listing of the ABN AMRO Holding N.V. ordinary shares and the (formerly convertible) preference shares with a nominal value of EUR2.24 each from Euronext Amsterdam and the de-listing of its American Depositary Shares ("**ADSs**") from the New York Stock Exchange was effected on 25 April 2008. Through subsequent purchases RFS Holdings has now become the sole shareholder of ABN AMRO Holding N.V.

RFS Holdings is controlled by RBS Group plc, which is incorporated in the United Kingdom and registered at 36 St. Andrew Square, Edinburgh, Scotland. RBS is the ultimate parent company of ABN AMRO Holding N.V. The consolidated financial statements of the Group are included in the consolidated financial statements of RBS.

On 3 October 2008, the State of the Netherlands ("**Dutch State**") acquired all Fortis' businesses in The Netherlands, including the Fortis share in RFS Holdings. On 24 December 2008, the Dutch State purchased from Fortis Bank Nederland (Holding) N.V. its investment in RFS Holdings, to become a direct shareholder in RFS Holdings.

ABN AMRO is separately governed by its Managing Board and Supervisory Board and regulated by the Dutch Central Bank.

The organisational business units of ABN AMRO are described in further detail in the 2008 ABN AMRO Holding N.V. annual report.

From 1 January 2008 the management and control structure of ABN AMRO has been aligned with the consortium ownership of the Group. RBS acquired businesses consist of the business units Europe (which includes RBS acquired businesses in the Netherlands), and business units Americas and Asia. The Dutch State acquired businesses comprise of the Netherlands (excluding RBS acquired businesses) and Private Clients. Central Items includes head office functions and other items centrally managed. All Santander acquired businesses and the former business unit Asset Management are classified as discontinued.

In April 2008, the majority of the Group Asset and Liability Management portfolios were economically allocated to individual Consortium Members. From that date the assets and liabilities and related results are reflected in business unit Europe for the RBS allocated portfolios and business unit Netherlands for the Dutch State allocated portfolios.

The former regional client business unit Netherlands is no longer managed as a single component. To reflect the consortium ownership, the operating unit Netherlands within the Dutch State acquired businesses now excludes the Dutch wholesale client business. This has been added to the business unit Europe.

### **Separation activity in 2008**

A number of businesses and client activities were transferred to RBS during 2008 and many businesses have been re-branded as RBS.

The transfer of business to RBS, in line with obtaining synergies and combining risk management, will continue in 2009. This process will reduce the scope of operations conducted by ABN AMRO. The core activities expected to remain will include global transaction services and local market functions.

Other assets and liabilities shared in ownership by the Consortium have significantly decreased. They have either been sold or are economically allocated to a Consortium Member. In 2008, the majority of the Group

Asset and Liability Management portfolios were allocated to individual Consortium Members. Group Functions have been scaled down in line with the separation of businesses.

As the transfer of businesses to Santander is substantially complete, ABN AMRO consists now of the remaining RBS acquired businesses, the Dutch State acquired businesses and some residual shared assets.

### **Business description and planned separation activity for 2009**

RBS and the Dutch State have agreed that the Dutch State acquired businesses will be legally separated from the residual RBS acquired businesses into a new bank. A strategy is being developed in relation to the RBS acquired businesses that will remain in ABN AMRO. These businesses are principally part of the Global Banking & Markets, Global Transaction Services, Retail and Commercial Banking divisions of RBS Group.

It is intended that the Dutch State acquired businesses, which consist of the Dutch commercial and retail banking and international private clients business, will be transferred into a new legal entity under a separate banking license, a request for which has been submitted to the Dutch Central Bank.

On 30 September 2009, ABN AMRO Bank published a press release (the "**Demerger Press Release**") announcing that on that date it filed documentation with the Amsterdam Chamber of Commerce in respect of a legal demerger in The Netherlands and Belgium (the "**Demerger Proposals**"). The Demerger Proposals outline the legal process for the transfer of the majority of the Dutch State acquired businesses into a separate legal entity, which will remain wholly owned by ABN AMRO Holding until it is legally transferred out of the ABN AMRO Group.

On 30 September 2009, ABN AMRO Bank also published pro forma financial information as of 31 December 2008 and 30 June 2009 reflecting the impact of the legal transfers and demergers on ABN AMRO Bank and pro forma financial information for the same dates on ABN AMRO Bank II N.V. (to be renamed ABN AMRO Bank N.V. (the "**Pro Forma Financial Information**").

On 7 October 2009, ABN AMRO Bank published a further press release setting out the proposed timeline of the separation process (the Timeline Press Release).

### **Governance until legal separation**

Until the final legal separation, ABN AMRO Group will continue to be governed by the ABN AMRO Holding N.V. Managing Board and Supervisory Board and be regulated on a consolidated basis with capital adequacy and liquidity measures and exposures of the Group being reported to and regulated by the Dutch Central Bank.

Any future capital repatriations to individual Consortium Members are part of an overall capital plan agreed between all Consortium Members and are subject to regulatory approval.

### **Issued debt instrument allocation**

As part of the separation process the Consortium Members have come to an agreement on the economic allocation of issued debt instruments within ABN AMRO to the individual Consortium Members' acquired businesses. All Santander allocated instruments were transferred as part of the business transfers carried out in 2008.

A list of the allocation of the remaining issued debt instruments to the RBS and the Dutch State acquired businesses can be found in the Registration Document on pages 10 to 13.

The LaunchPAD Programme has been economically allocated to the RBS acquired businesses of ABN AMRO.

### **Announcement of legal demerger process**

On 30 September 2009 ABN AMRO Group announced that it has chosen a two-step approach to effect the legal separation of the assets and liabilities acquired by the Dutch State:

**Step 1** – "Legal Demerger": Transferring the majority of the Dutch State acquired businesses from ABN AMRO Bank (the "**Demerging Company**") to a new legal entity, ABN AMRO II N.V. (the "**Acquiring Company**"). Some subsidiaries and assets and liabilities are separately transferred to the Acquiring Company, mostly before the planned legal demerger date. Following the demergers and the transfer of the Dutch State acquired businesses into the new bank, the Demerging Company will be renamed The Royal Bank of Scotland N.V. The Acquiring Company comprising the Dutch State acquired businesses will then be renamed ABN AMRO Bank N.V.

**Step 2** – "Legal Separation": Transferring the shares of the renamed ABN AMRO Bank N.V. from ABN AMRO Holding to a new holding company fully owned by the Dutch State and independent of ABN AMRO Holding (which will be renamed RBS Holdings N.V.)

### **Proposed Timeline**

Upon completion of the legal demerger procedures, ABN AMRO plans to complete the legal demerger as early as possible in the first quarter of 2010. The group plans to legally separate within two months of effecting the legal demerger.

### **Update on allocation**

Upon, and subject to, completion of the Legal Demerger as described under "Step 1" above:

- (a) the LaunchPAD Programme will remain with the Demerging Company, which will be renamed The Royal Bank of Scotland N.V.;
- (b) in respect of the LaunchPAD Programme, the services of the Initial Paying Agent in the Netherlands will be performed by the Acquiring Company and the services of the Principal Paying Agent and Calculation Agent will be performed by the Demerging Company.

The long-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank, N.V. are currently rated "A+" by S&P, "Aa3" by Moody's Investors Service Inc. and "AA-" by Fitch. The short-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank, N.V. are currently rated "A-1" by S&P, "P-1" by Moody's and "F1+" by Fitch.

Any press releases issued by ABN AMRO can be obtained from the ABN AMRO website at <http://www.abnamro.com/pressroom/pressroom.cfm>.

The delivery of this Prospectus does not at any time imply that there has been no change in the affairs of the Issuer since the date of this Prospectus. The Issuer does not intend to provide any post-issuance information.

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**DOCUMENT INCORPORATED BY REFERENCE**

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The Issuer's registration document dated 30 June 2009, as supplemented by supplements dated 8 July 2009, 11 August 2009, 28 August 2009 and 19 October 2009 (the "**Registration Document**"), prepared in accordance with Article 5(3) of the Prospectus Directive was published prior to the date of this Base Prospectus, has been approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in its capacity as competent authority under the Act on Financial Supervision (*Wet op het financieel toezicht (Wft) 2007*) (the "**Competent Authority**") and shall be incorporated in, and form part of, this Base Prospectus.

The Press Release entitled "ABN AMRO Group reports third quarter 2009 financial results" and dated 25 November 2009 shall be incorporated in, and form part of, this Base Prospectus.

Copies of the Registration Document can be obtained from the registered office of the Issuer at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and on [www.abnamro.com](http://www.abnamro.com).

The Issuer will, in connection with the listing of the Notes on Euronext Amsterdam, so long as any Note remains outstanding and listed on such exchange, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus for use in connection with any subsequent issue of Notes to be listed on Euronext Amsterdam.

This Base Prospectus and any supplement will be valid for listing Notes on Euronext Amsterdam and/or any other exchange in an unlimited aggregate nominal amount.

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## TAXATION

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*Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer, exercise or non-exercise of any Note should consult their professional tax advisers. Whilst certain tax information is set out below, potential purchasers should note that this is for general guidance only and does not contemplate all possible tax consequences, in particular in relation to dematerialised Notes.*

### 1. GENERAL

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws or practices of the country of purchase in addition to the issue or purchase price of each Note.

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

The tax treatment of the Notes depends on the individual circumstances of each Holder and may be subject to change in the future.

### 2. EUROPEAN UNION SAVINGS DIRECTIVE

Under the EC Council Directive 2003/48/EC on the taxation of savings income, member states of the European Union (the "EU Member States" and each a "EU Member State") are required to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other EU Member State or to certain limited types of entities established in that other EU Member State.

For a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The current rate of the levy applicable to such payments is 20%. This rate will increase to 35% after 1 July 2011. This tax does not apply if the investor submits to the paying agent an appropriate certificate of the tax authorities of his jurisdiction of residence.

However, by two Royal Decrees dated 27 September 2009 and published in the Belgian State Gazette on 1 October 2009, the Belgian State elected to abandon the transitional withholding system and provide details of payments of interest in accordance with the EC Council Directive 2003/48/EC as from 1 January 2010.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the EC Council Directive 2003/48/EC, which included the Commission's advice on the need for changes to the EC Council Directive 2003/48/EC. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the EC Council Directive 2003/48/EC, which included a number of suggested changes. The European Parliament expressed its opinion on the proposal on 24 April 2009 and the Council adopted unanimous conclusions on 9 June 2009 relating to the proposal. If any of those proposed changes are made in relation to the EC Council Directive 2003/48/EC, they may amend or broaden the scope of the requirements described above.

### 3. BELGIUM

*Set out below is a summary of certain Belgian tax consequences of acquiring, holding and selling the Notes. This summary is not intended to be an exhaustive description of all relevant Belgian tax considerations and investors should consult their own tax advisors regarding such considerations in relation to their own particular circumstances. The description of certain Belgian taxes set out below is for general information only and does not purport to be comprehensive.*

*This summary is based on current legislation, published case law and other published guidelines and regulations as in force at the date of this document and remains subject to any future amendments, which may or may not have retroactive effect.*

#### **Belgian income tax**

For Belgian tax purposes, interest includes any interest paid on the Notes as well as any amount paid in excess of the initial issue price upon redemption or purchase by the Issuer.

- Belgian resident individuals

For individuals subject to Belgian personal income tax, and who are not holding Notes as a professional investment, all interest payments (as defined in the Belgian Income Tax Code) will be subject to the tax regime described below. Interest payments include all payments made in excess of the issue price.

If interest is paid through a Belgian intermediary, such intermediary must levy withholding tax. The current applicable withholding tax rate is 15 per cent. No other personal income tax will be levied on this income. If no Belgian intermediary is involved in the interest payment, the investor must declare this interest as income in his or her personal income tax return. Such income will, in principle, be taxed separately, currently at a rate of 15 per cent. (plus the applicable local surcharge).

Any capital gain upon a sale of Notes to a party other than the Issuer, provided it is not allocated to the professional activity of the individual, is in principle tax exempt (unless the tax authorities can prove that the capital gain does not result from the normal management of the individual's private

estate). However, the part of the sale price attributable to the pro rata interest component (if any) is taxable as interest income. The investor must declare this interest as income in his or her personal income tax return, unless it can be demonstrated that Belgian withholding tax will be paid at maturity. Such income will, in principle, be taxed separately, currently at a rate of 15 per cent. (plus the applicable local surcharge).

Capital losses on the Notes held as a non-professional investment are not usually deductible.

- **Belgian companies**

Interest paid through an intermediary established in Belgium to a Belgian company subject to corporate income tax will generally be subject to Belgian withholding tax. However, an exemption may apply provided that certain formalities are complied with. For zero or capitalization bonds, the above exemption will not apply, unless the Belgian company and the Issuer are associated companies within the meaning of article 105, 6° RD/ITC. The current applicable withholding tax rate is 15 per cent. Belgian companies are, in principle, entitled to set off Belgian withholding tax against their corporate income tax liability provided certain conditions are fulfilled.

For any Belgian company subject to Belgian corporate income tax, all interest and any gain on a sale of the Notes will form part of that company's taxable basis. The current normal corporate income tax rate in Belgium is 33.99 per cent. Losses on the Notes are, in principle, tax deductible.

- **Other Belgian legal entities subject to the legal entities income tax**

For other Belgian legal entities subject to the legal entities income tax, all interest payments (as defined by the Belgian Income Tax Code) will be subject to withholding tax, currently at a rate of 15 per cent.

If interest is paid through a Belgian intermediary, such intermediary must levy withholding tax, currently at the rate of 15 per cent. No other legal entities income tax will be levied on this income. If no Belgian intermediary is involved, the withholding tax must be declared and paid by the legal entity itself.

Any capital gain on a sale of the Notes to a party other than the Issuer will, in principle, be tax exempt, except for that part of the sale price attributable to the pro rata interest component. Such interest is subject to withholding tax, currently at the rate of 15 per cent. This withholding tax must be paid by the legal entity itself, unless it can demonstrate that the withholding tax will be paid at maturity.

### **Tax on stock exchange transactions**

The acquisition of the Notes upon their issuance is not subject to the tax on stock exchange transactions.

The sale and acquisition of the Notes on the secondary market is subject to a tax on stock exchange transactions if executed in Belgium through a professional intermediary. The tax is generally due at a rate of 0.07 per cent. for the Notes on each sale and acquisition separately, with a maximum of EUR 500.00 per taxable transaction.

Exemptions apply for certain categories of institutional investors and non-residents.

#### 4. FINLAND

The following summary outlines Finnish tax consequences to Holders of Notes who are not residents of Finland for income tax purposes. Purchasers are urged to consult their professional advisers as to the tax consequences of holding or transferring Notes.

Under present Finnish law payments of the principal of and interest (if any) on the Notes will be exempt from all taxes, duties, fees and imposts of whatever nature, imposed or levied by or within the Republic of Finland or by any province, municipality or other political sub-division or taxing authority thereof and therein, except when the Holder of the Note to which any such payment relates is subject to such taxation thereon by reason of such Holders being connected with the Republic of Finland otherwise than solely by his holding of such Note or the receipt of income therefrom.

Non-residents of Finland are not liable to pay Finnish capital gains tax on Notes that are not connected with a permanent or a fixed base in Finland. There is no net wealth tax in Finland.

Transfer tax is in general not payable on a transfer of Notes, except in a situation where the Notes are deemed to be profit-participating instruments, i.e. interest on the Notes is computed on the basis of the business result or dividend of the Issuer or the Notes entitle to a part of the profit of the Issuer.

Transfers of Notes by a non-resident by way of a gift or by reason of the death of the owner may be subject to Finnish gift or inheritance tax, respectively.

#### 5. FRANCE

The following is a summary addressing only the French compulsory withholding tax treatment of the income arising from the Notes. This summary is (i) based on the laws and regulations in full force and effect in France as at the date of this Base Prospectus, which may be subject to change in the future, potentially with retroactive effect, and (ii) prepared on the assumption that the Issuer of the Notes is not a French resident for French tax purposes and is not acting from a French branch or permanent establishment in relation to the Notes. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. Prospective investors in the Notes are therefore advised to consult their own qualified advisors so as to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or sale of the Notes.

#### **Withholding Tax**

All payments by the Issuer in respect of the Notes will be made free of compulsory withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by France or any political subdivision or taxing authority thereof or therein.

### **European Union Savings Directive**

The EC Council Directive 2003/48/EC on the taxation of savings income has been implemented into French law under article 242 ter of the French tax code.

## **6. IRELAND**

*The following is a summary of the principal Irish tax consequences of ownership of the Notes for individuals who are residents in Ireland for tax purposes and for companies that are resident in Ireland for tax purposes. It is based on the laws of Ireland and our understanding of the practice of the Revenue Commissioners currently in force in Ireland and may be subject to change. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes including dealers in securities and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under any laws applicable to them.*

### **Withholding Tax from payments on the Notes**

Tax at the standard rate of income tax, is required to be withheld from payments of Irish source interest and premium. The Issuer will not be obliged to withhold Irish tax from payments of interest and premium on the Notes so long as such payments do not constitute Irish source income. Interest and premium paid on the Notes may be treated as having an Irish source if:

- (a) the Issuer is resident in Ireland for tax purposes; or
- (b) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland; or
- (c) the assets relating to the Notes are attributed to an Irish branch or agency of the Issuer.

The Issuer confirms that (i) it is not and will not be resident in Ireland for tax purposes, (ii) that it will not bring bearer Notes into Ireland, (iii) it will not maintain a register of any registered Notes in Ireland and (iv) it will not have a branch or agency or a permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes.

### **Withholding Tax from payments under the Guarantee**

Payments under the Guarantee may be regarded as taking their nature from the payment which they replace (including, potentially, interest or premium) or may be annual payments however. The Guarantor will not be obliged to withhold Irish income tax from payments under the Guarantee so long as such payments do not constitute Irish source income. Payments under the Guarantee should not be treated as having an Irish source unless:

- (a) the Guarantor is resident in Ireland for tax purposes;
- (b) the Guarantor is not resident in Ireland for tax purposes but the Guarantee is in bearer form and is physically located in Ireland; or
- (c) the Guarantor has a branch or agency or a permanent establishment in Ireland, the assets or income of which is used to fund the payments under the Guarantee.

It is anticipated that (i) the Guarantor is not and will not be resident in Ireland for tax purposes, (ii) that a bearer Guarantee will not be physically located in Ireland, and (iii) the Guarantor will not have a branch or agency or a permanent establishment in Ireland, the assets or income of which is used to fund the payments under the Guarantee.

### **Taxation of Receipts**

Notwithstanding that a Holder may receive payments of interest, premium or discount on the Notes free of Irish withholding tax, the Holder may still be liable to pay Irish income or corporation tax on such interest at the applicable rate of tax if such interest has an Irish source, the Holder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes or the Notes are attributed to a branch or agency in Ireland. Ireland operates a self-assessment system in respect of income and corporation tax, and each person must assess its own liability to Irish tax. So long as the Issuer remains an authorised EU credit institution, interest paid on Notes that are not listed on a stock exchange recognised for this purpose may benefit from the lower rates of Irish income tax applicable to bank deposits.

Relief from Irish income tax may also be available under the specific provisions of a double taxation agreement between Ireland and the country of residence of the recipient.

### **Encashment Tax**

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (from any interest paid on Notes issued by a company not resident in Ireland, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Holder who is Irish resident).

Encashment tax does not apply where the Holder is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

### **Capital Gains Tax**

A Holder will be subject to Irish tax on capital gains on a disposal of Notes unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade or business in Ireland through a permanent establishment, branch or agency in respect of which the Notes are or were held.

### **Capital Acquisitions Tax**

A gift or inheritance of Notes will be within the charge to capital acquisitions tax if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland or (ii) if the Notes are regarded as property situate in Ireland. A foreign domiciled individual will not be regarded as being resident or ordinarily resident in Ireland at the date of the gift or inheritance unless that individual (i) has been resident in Ireland for the five consecutive tax years preceding that date, and (ii) is either resident or ordinarily resident in Ireland on that date.

Bearer notes are generally regarded as situated where they are physically located at any particular time. Notes in registered form are property situate in Ireland if the register is in Ireland. The Notes may, however, be regarded as situated in Ireland regardless of their physical location if they secure a debt due by an Irish resident debtor and/or are secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponent or the donee/successor.

### **Stamp duty**

As the issuer is not registered in Ireland, stamp duty will not arise on a document effecting a transfer of the Notes so long as the instrument of transfer of the Notes does not relate to:

- (a) any immovable property in Ireland; or
- (b) stocks or marketable securities of a company registered in Ireland.

**If you are in any doubt as to the consequences of your acquiring, holding or disposing of Notes you should consult an appropriate professional advisor.**

## **7. LUXEMBOURG**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

### **Withholding Tax**

#### **Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the "Laws") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "Territories"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 20 per cent and will be levied at a rate of 35 per cent as of 1 July 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 20 per cent.

#### **Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the "Law") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

## **8. THE NETHERLANDS**

### **General**

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

### **Withholding Tax**

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that the Notes do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Netherlands corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*).

### **Corporate and Individual Income Tax**

- (a) Residents of the Netherlands

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25.5%).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

(b) Non-residents of the Netherlands

If a holder is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes (or has not opted to be taxed as a resident of the Netherlands), such holder is not taxable in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

- (i) the holder is not an individual and such holder (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25.5%.

- (ii) the holder is an individual and such holder (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Notes which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at up to a maximum rate of 52%. Income derived from a share in the profits as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's Netherlands yield basis.

### **Gift and Inheritance Tax**

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions; or
- (iii) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands.

### **Value Added Tax**

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

### **Other Taxes and Duties**

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

## 9. SWEDEN

The following is a summary of certain Swedish tax consequences related to Holders of Notes that are residents of Sweden for tax purposes. The summary is based on legislation as of the date of the Base Prospectus and is intended to provide general information only. The summary does not cover tax issues in cases where Notes are held as current assets in business operations or by a partnership. The tax treatment of Holders of Notes depends in part on their particular circumstances. Specific tax rules may apply for certain categories of Holders of Notes, e.g. investment funds and investment companies. Each Holder should consult a tax adviser as to the tax consequences relating to their particular circumstances resulting from the holding of Notes.

### **Private Individuals**

As regards private individuals, interest and capital gains on the Notes are taxed in the capital income category at a rate of 30 per cent. 70 per cent. of a loss is normally deductible in the same income category.

There is currently no Swedish withholding tax (Sw. *källskatt*) applicable on payments made by the Issuer in respect of the Notes. Sweden operates a system of preliminary tax (Sw. *källskatt*) on interest payments to private individuals and/or estates of deceased individuals. The preliminary tax is normally withheld by the Swedish Central Securities Depository (including, without limitation, Euroclear Sweden AB) or a participant authorised to act as nominee in the clearing system. Depending on the relevant Holder's overall tax liability for the relevant fiscal year, the preliminary tax may contribute towards, equal or exceed the Holder's overall tax liability.

Private individuals who are not resident in Sweden for tax purposes may be liable to capital gains taxation in Sweden upon disposal or redemption of certain financial instruments that are deemed equity-related, if such individuals have been resident in Sweden or have stayed permanently in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption.

### **Limited liability companies**

For limited liability companies (Sw. *aktiebolag*), all income is taxed as income from business activities. Capital losses on the Notes may, depending on the classification, only be deductible against capital gains on shares and other Notes taxes as shares.

## 10. UNITED KINGDOM

The following applies only to persons who are beneficial owners of the Notes and is a summary of the Issuer's understanding of current law and HM Revenue & Customs ("HMRC") practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply

to certain classes of persons (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Holders of the Notes depends on their individual circumstances and may be subject to change in the future. Prospective Holders of the Notes who are in any doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

### **Withholding Tax**

#### *Notes issued otherwise than through the Issuer's London branch*

Payments of interest on these Notes may be made without withholding on account of United Kingdom income tax.

#### *Notes issued by the Issuer's London branch*

Provided the Issuer's London branch continues to qualify as a bank for United Kingdom tax purposes, payments of interest on these Notes may be made without deduction of tax where the interest is paid in the ordinary course of the Issuer's London branch's business; this would include all payments of interest by the Issuer's London branch except where those Notes concerned conform to the definition of tier 1, 2 or 3 capital for regulatory purposes or where there is an intention to avoid United Kingdom tax.

Payments of interest on these Notes may also be made without deduction of or withholding on account of United Kingdom income tax if these Notes are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the Income Tax Act 2007. The Euronext Amsterdam is a recognised stock exchange. Notes will satisfy this requirement if they are (a) officially listed in the Netherlands in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Euronext Amsterdam, or (b) so listed and admitted to trading on another "recognised stock exchange". Provided, therefore, that these Notes are and remain so listed, interest on these Notes will be payable without withholding or deduction on account of United Kingdom tax whether or not the Issuer's London branch carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

Interest on these Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on these Notes is paid by a company and, at the time the payment is made, the Issuer's London branch reasonably believes (and any person by or through whom interest on these Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on these Notes may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of these Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on these Notes on account of United Kingdom income tax at the basic rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Holder of these Notes, HMRC can issue a notice to the Issuer's London branch to pay interest to the Holder of these Notes without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

### **UK Information Gathering Powers**

Irrespective of whether the Notes are issued by the Issuer's London branch, Holders of the Notes may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Holder of the Notes. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes (which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005) to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2010. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Holder of the Notes is resident for tax purposes.

### **Stamp Taxes**

Subject to what follows, no stamp duty, capital duty, stamp duty reserve tax or other similar tax is payable in the United Kingdom on the issue or transfer by delivery of any Notes.

In relation to Notes which are denominated in sterling and which are not loan capital, a charge to stamp duty at 1.5 per cent. of the value of such Notes will arise if issued in the United Kingdom. No stamp duty liability will arise on the issue of such Notes if issued outside the United Kingdom. However, in relation to such Notes originally issued outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Notes a stamp duty liability at 1.5 per cent. of the value of such Notes will arise.

For these purposes, a Notes would be loan capital if the holder has the right in all circumstances to be paid on redemption an amount equal to substantially all of the amount subscribed for the Notes, either with or without any additional amount that may be payable on redemption. In addition, it is likely (based on our understanding of practice in relation to other tax legislation) that HMRC will regard a Notes as loan capital if the Notes give the holder the right in all circumstances to be paid on redemption an amount equal to at least 10 per cent. of the amount subscribed for the Notes.

Stamp duty and stamp duty reserve tax may be payable on the transfer of an asset on physical settlement of the Notes.

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## SELLING RESTRICTIONS

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*The statements which follow are of a general nature. Potential purchasers in each jurisdiction must ensure that they are able validly to take delivery of the Notes and any assets into which they may convert or be settled. Additional certifications may be required by the Issuer and/or any clearance system at the time of exercise and/or settlement.*

1. GENERAL

No action has been or will be taken by the Issuer that would permit a public offering of the Notes or possession or distribution of any offering material in relation to the Notes in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Notes, or distribution of any offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer.

2. PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS DIRECTIVE

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") no offer of Notes which are the subject of the offering contemplated by this Base Prospectus as contemplated by the final terms in relation thereto has been or may be made to the public in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer of Notes to the public in that Relevant Member State may be made:

- (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;

- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last (or, in the case of Sweden, last two) financial year(s); (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last (or, in the case of Sweden, last two) annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (e) 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 (e) (inclusive) above shall require the Issuer 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, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State, by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### 3. THE NETHERLANDS

Notes which qualify as savings certificates as defined in the Savings Certificates Act ("*Wet inzake spaarbewijzen*") may only be transferred or accepted through the mediation of either the Issuer or an admitted institution of Euronext Amsterdam N.V. with due observance of the Savings Certificates Act and its implementing regulations (including registration requirements), provided that no mediation is required in respect of:

- (a) the initial issue of those Notes to the first holders thereof;
- (b) any transfer and delivery by individuals who do not act in the conduct of a profession or trade; and
- (c) the issue and trading of those Notes, if they are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter.

#### 4. UNITED STATES OF AMERICA

The Notes have not been and will not be registered under the Securities Act of 1933 (as amended) (the "**Securities Act**") and trading in the Notes has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act of 1922. The Notes may not at any time be offered, sold, delivered, traded or exercised, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person and a U.S. person may not, at any time, directly or indirectly, maintain a position in the Notes. Offers, sales, trading or deliveries of the Notes in the United States or to, or for the account or benefit of, U.S. persons may constitute a violation of the United States law governing commodities trading. Exercise of the Notes will be conditional upon certification as to non-U.S. beneficial ownership. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Issuer will not offer, sell or deliver the Notes at any time within the United States or to, or for the account or benefit of, any U.S. person, and it will require all those dealers participating in the distribution of the Notes not to offer, sell, deliver or trade, at any time, directly or indirectly, any Notes in the United States or to, for the account or benefit of, any U.S. person. In addition, the Issuer will send to each dealer to which it sells Notes at any time a confirmation or other notice setting forth the restrictions on offers, sales and deliveries of the Notes in the United States or to, or for the account or benefit of, U.S. persons. As used in this and the above paragraph "**United States**" means the United States of America, its territories or possessions, any state of the United States, the District of Columbia or any other enclave of the United States government, its agencies or instrumentalities, and "**U.S. person**" means:

- (a) any person who is a U.S. person as defined in Regulation S under the Securities Act;
- (b) any person or entity other than one of the following:
  - (1) a natural person who is not a resident of the United States;
  - (2) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;
  - (3) an estate or trust, the income of which is not subject to United States income tax regardless of source;
  - (4) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

- (5) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

5. UNITED KINGDOM

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) may only be communicated or caused to be communicated in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer and the Notes may only be offered in circumstances where all applicable provisions of the FSMA with respect to anything done in relation to any Notes in, from or otherwise involving the United Kingdom are complied with.

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## GENERAL INFORMATION

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### **Authorisation**

The Issuer's managing board, in its capacity as the Issuer's representative, is responsible for issuing debt instruments. The Issuer's managing board has delegated the issue of debt instruments, including the Notes, to the Group Asset and Liability Committee pursuant to a resolution dated 17 December 2003. In addition, the issue of Notes has been approved by the Issuer's supervisory board pursuant to a resolution dated 17 January 2007 and in accordance with the Issuer's articles of association. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been given for the issue of the Notes.

### **Listing**

Application has been made to Euronext Amsterdam for Notes issued up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading and to be listed on Euronext Amsterdam. Certain Notes issued under this Base Prospectus may not be listed. For so long as the Notes are listed on Euronext Amsterdam there will be a paying agent in The Netherlands. ABN AMRO Bank N.V. has been appointed as the initial paying agent in The Netherlands.

### **Documents available**

During the validity of this Base Prospectus, copies of the following documents will, when published, be available, free of charge, from the registered office of the Issuer and from the specified office of the Paying Agent:

- (a) an English translation of the Certificate of Incorporation and the most recent Articles of Association of the Issuer;
- (b) the audited financial statements of Holding for the financial years ended 2006 and 2007 and the most recently available published interim financial statements of Holding (in English), in each case together with any audit reports prepared in connection therewith;
- (c) a copy of the Registration Document;
- (d) a copy of this Base Prospectus; and
- (e) each Final Terms.

## **Notices**

Notices with regard to the Notes will, for so long as any Notes are listed on Euronext Amsterdam and Euronext Amsterdam so requires, be published in the Euronext Amsterdam Daily Official List (Officiële Prijscourant) and in one daily newspaper of wide circulation in The Netherlands (which is expected to be Het Financieele Dagblad or De Telegraaf). Notices will also be published in accordance with the rules of any other exchange on which the Notes are listed and of any Relevant Clearing System where applicable.

## **Clearing and settlement systems**

The Notes have been accepted for clearance through Clearstream AG, Euroclear Netherlands, Euroclear, Clearstream, Luxembourg and SIS SegInterSettle. The appropriate WKN, Fondscode, Common Code, International Notes Identification Number and Valoren for each Series allocated by Clearstream AG, Euroclear Netherlands, Euroclear, Clearstream, Luxembourg and SIS SegInterSettle, and any other relevant security code allocated by any other relevant clearing system, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate additional or alternative information will be specified in the applicable Final Terms. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

## **Material change**

There has been no significant change in the financial position of Holding, the Issuer or Holding and its consolidated subsidiaries (taken as a whole) since 30 June 2009. There has been no material adverse change in the financial position or prospects of Holding, the Issuer or Holding and its consolidated subsidiaries (taken as a whole) since 31 December 2008 other than resulting from the acquisition of ABN AMRO Holding N.V. by the Consortium Banks and the transition of entities and businesses resulting from this.

## **Litigation**

In several jurisdictions legal proceedings have been initiated against Holding or its group companies whose financial statements have been included in Holding's consolidated annual accounts for the financial year ended 31 December 2008. For further information refer to the section entitled "Legal and Regulatory Proceedings" on page 41 of the Registration Document.

## **Auditors**

The auditors of Holding are Deloitte Accountants B.V., registered accountants, of Orlyplein 10, PO Box 58110, 1040 HC, Amsterdam, The Netherlands. The auditors of Holding have no material interest in Holding.

## **Information on the Offering of the Notes**

### **(a) Offer Process**

For a short period prior to the Launch Date specified in the applicable Final Terms, the Notes of the relevant Series may be offered by the Issuer for subscription to prospective investors but the Issuer reserves the right to close subscription early. The Issuer anticipates that it will deliver the Final Terms in respect of each Series of the Notes which are either (i) to be admitted to trading and listed on Euronext Amsterdam by NYSE Euronext or (ii) offered to the public in The Netherlands in circumstances which require the publication of a prospectus to Euronext Amsterdam prior to the Launch Date specified in the Final Terms. On or about the Launch Date, the Issuer will, pursuant to its agreement with Euronext Amsterdam, offer to buy or sell the Notes of any Series to be admitted to trading and listed on Euronext Amsterdam. Any such trading will be on an as, if and when issued basis until the Issue Date specified in the applicable Final Terms. The Issuer expects that each such Series of the Notes will be admitted to trading on Euronext Amsterdam with effect from the Launch Date stated in the applicable Final Terms. Except in the case of dematerialised Notes, the Notes will be in global form and all trades will be settled in the applicable clearing systems on their usual basis for secondary market transactions.

### **(b) Description of the Application and Payment Process for a Prospective Investor**

Applications for Notes may be made by a prospective purchaser through any broker, financial adviser, banker, financial intermediary or other agent acting in such a capacity (each a "**Selling Agent**") which has a relationship with the Issuer governing the sale of the Notes. Pursuant to anti-money laundering regulations, a prospective purchaser who is not an existing client of a Selling Agent may be required by their Selling Agent of choice to complete an anti-money laundering form and to provide further evidence of identification in advance of applying for any Notes.

Each prospective purchaser should ascertain from its Selling Agent of choice when that Selling Agent will require receipt of cleared funds from its clients in respect of applications for Notes and the manner in which payment should be made to the Selling Agent. Each Selling Agent may impose different arrangements relating to the purchase of Notes and prospective investors should contact the Selling Agents directly for information concerning such arrangements. Applicants for Notes who arrange to purchase the Notes through a Selling Agent should note that in doing so they are assuming the credit risk of the relevant Selling Agent and that such arrangements will be subject to the applicable conditions of the relevant Selling Agent.

### **(c) Conditions to Which the Offer is Subject**

The offer in respect of a particular Series of Notes is subject to the Conditions as set out in this Base Prospectus the applicable Final Terms and any document incorporated by reference (see "Document Incorporated by Reference").

**(d) Minimum/Maximum Application Amount**

Investors are required to subscribe for a minimum of one (1) Note and thereafter in multiples of one (1) Note unless otherwise specified in the applicable Final Terms in respect of the relevant Series Notes. There is no maximum subscription amount unless otherwise stated in the applicable Final Terms in respect of the relevant Series Notes.

**(e) Scale-back and Cancellation**

The Issuer reserves the right, prior to the Issue Date, in its absolute discretion to:

1. decline in whole or in part an application for Notes such that a prospective purchaser for Notes may, in certain circumstances, not be issued the number of (or any) Notes for which it has applied ("**Scale-back**"); or
2. withdraw, cancel or modify the offer of the Notes ("**Cancellation**").

The Issuer may Scale-back or Cancel the Notes without notice and will notify prospective investors of such Scale-back or Cancellation after such Scale-back or Cancellation has occurred. In the event that the Notes are not issued, no subscription monies shall be payable by prospective purchasers to the Issuer (either directly or indirectly through a Selling Agent) in respect of the Notes. Prospective purchasers should contact their Selling Agent of choice for details of the arrangements for the return of application monies in such circumstances. The Issuer shall have no responsibility for, or liability arising out of, the relationship between prospective purchasers and their respective Selling Agents and clearing system operators, including, without limitation, in respect of arrangements concerning the return of monies by such persons to their clients.

**(f) Details of the Manner in Which the Results of the Initial Offer are to be Made Public**

A prospective investor submitting an offer to purchase Notes will be notified of the acceptance or otherwise of such application on or prior to the Issue Date.

**(g) Categories of Investors to which Notes are Offered**

The Notes will be offered to both retail and qualified investors.

**(h) Expenses and Taxes**

Any expenses are described in the relevant Product Conditions and Final Terms for the relevant Series and will be deducted from amounts payable in respect of the Notes accordingly. For further information on taxes, please refer to the section entitled "Taxation".

**(i) Responsibility Statement**

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has 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.

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## GENERAL CONDITIONS

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*The General Conditions which follow relate to the Notes and must be read in conjunction with, and are subject to, the Product Conditions and the Final Terms (whether or not attached to this document). The Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Notes and will be printed on the Definitive Notes or attached to the Global Note representing the Notes.*

### 1. DEFINITIONS

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions or the applicable Final Terms and, if not so defined, shall be inapplicable. References in these General Conditions to interest and Coupons (and related expressions) shall be ignored in the case of Notes which do not bear interest. References in these General Conditions to the Conditions shall mean these General Conditions and, in relation to any Notes, the Product Conditions applicable to those Notes (as supplemented and/or amended by the applicable Final Terms).

### 2. STATUS

The Notes constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

### 3. EARLY REDEMPTION

The Issuer shall have the right to terminate the Notes if it has determined in its absolute discretion that, for reasons beyond its control, its performance thereunder has become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power ("**Applicable Law**"). In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Note held by such Holder an amount calculated by the Issuer as the fair market value of the Note immediately prior to such termination (such fair market value determined ignoring such illegality and without taking into account the creditworthiness of the Issuer) less the cost to the Issuer and/or any Affiliates of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4.

#### 4. NOTICES

- (a) **Validity.** Unless otherwise specified in the applicable Final Terms, announcements to Holders will be valid if delivered by the Issuer to the Clearing Agent(s) with an instruction from the Issuer to the Clearing Agent(s) to communicate such announcement to the Holders.
- (b) **Delivery.** Any such announcement issued pursuant to General Condition 4(a) shall be deemed to be effective on the day following its delivery to the Clearing Agent (and if delivered to more than one Clearing Agent on the day following the date first delivered to a Clearing Agent) or, if published as specified in the applicable Final Terms, on the date of such publication (and if published in more than one country then on the date first published).

#### 5. HEDGING DISRUPTION

- (a) **Notification.** The Issuer shall as soon as reasonably practicable give instructions to the Calculation Agent to notify the Holders in accordance with General Condition 4(a): (i) if it determines that a Hedging Disruption Event has occurred; and (ii) of the consequence of such Hedging Disruption Event as determined by the Issuer pursuant to General Condition 5(c).
- (b) **Hedging Disruption Event.** A "**Hedging Disruption Event**" shall occur if the Issuer determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer and/or any Affiliate wholly or partially to establish, re-establish, substitute or maintain a relevant hedging transaction (a "**Relevant Hedging Transaction**") it deems necessary or desirable to hedge the Issuer's obligations in respect of the Notes. The reasons for such determination by the Issuer may include, but are not limited to, the following:
  - (i) any material illiquidity in the market for any relevant instruments or swap transaction which is a Relevant Hedging Transaction; or
  - (ii) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (c) **Consequences.** The Issuer, in the event of a Hedging Disruption Event, may determine to:

- (i) terminate the Notes. In such circumstances the Issuer will, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Note held by such Holder an amount calculated by the Issuer as the fair market value of the Note immediately prior to such termination less the cost to the Issuer and/or any Affiliate of unwinding any related hedging arrangements (determined without taking into account the creditworthiness of the Issuer). Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4;
- (ii) make any other adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Notes after adjusting for the relevant Hedging Disruption Event.

## 6. PURCHASES, FURTHER ISSUES BY THE ISSUER AND PRESCRIPTION

- (a) Purchases. The Issuer or any Affiliate may purchase Notes at any price in the open market or by tender or private treaty. Any Notes so purchased may be held, surrendered for cancellation or reissued or resold, and Notes so reissued or resold shall for all purposes be deemed to form part of the original series of Notes.

In this General Condition 6(a) "**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means the ownership of a majority of the voting power of the entity and "**controlled by**" and "**controls**" shall be construed accordingly.

- (b) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Holders or any of them to create and issue further securities so as to be consolidated with and form a single series with the Notes.
- (c) Prescription. Any Note or Coupon which is capable of presentation and is not so presented by its due date for presentation shall be void, and its value reduced to zero, if not so presented within five years of such due date. For the avoidance of doubt, any Notes which are subject to provisions relating to their exercise shall be void, and their value shall be zero, if not exercised in accordance with their provisions.

## 7. DETERMINATIONS AND MODIFICATIONS

- (a) Determinations. Any determination made by the Issuer shall (save in the case of manifest error) be final, conclusive and binding on the Holders.
- (b) Modifications. The Issuer may, without the consent of the Holders or any of them, modify any provision of the Conditions which is: (i) of a formal, minor or technical nature; (ii) made

to correct a manifest or proven error; or (iii) in its absolute discretion, not materially prejudicial to the interests of the Holders. Notice of any such modification will be given to the Holders in accordance with General Condition 4 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

## 8. SUBSTITUTION

- (a) Substitution of Issuer. The Issuer may at any time, without the consent of the Holders, substitute for itself as principal obligor under the Notes any company (the "**Substitute**"), being any subsidiary or Affiliate of the Issuer, subject to: (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect; and (ii) the Issuer having given at least 30 days' prior notice of the date of such substitution to the Holders in accordance with General Condition 4. In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall from such time be construed as a reference to the Substitute. The Royal Bank of Scotland plc shall be deemed to be an Affiliate of the Issuer for these purposes.
- (b) Substitution of Office. The Issuer shall have the right upon notice to the Holders in accordance with General Condition 4 to change the office through which it is acting and shall specify the date of such change in such notice.

## 9. TAXATION

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Notes. In relation to each Note the relevant Holder shall pay all Expenses as provided in the Product Conditions. All payments or, as the case may be, deliveries in respect of the Notes will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax duty or other charge whatsoever). The Holder shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Notes held by such Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. The tax treatment of the Notes depends on the individual circumstances of each Holder and may be subject to change in the future.

## 10. REPLACEMENT OF SECURITIES AND COUPONS

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Agent (or such other place of which notice shall have be given to the

Holders in accordance with General Condition 4) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes and Coupons must be surrendered before replacements will be issued. This General Condition will not apply to Notes issued in dematerialised form.

11. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Holder, on giving notice to the Holders in accordance with General Condition 4 elect that, with effect from the Adjustment Date specified in such notice, certain terms of the Notes shall be redenominated in euro. The election will have effect as follows:
- (1) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Notes will be made solely in euro as though references in the Notes to the Settlement Currency were to euro;
  - (2) where the Conditions contain a rate of exchange or any of the Conditions are expressed in a National Currency Unit (in such case, the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and
  - (3) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Holders, on giving notice to the Holders in accordance with General Condition 4 make such adjustments to the Conditions as the Issuer may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding General Condition 11(a) and/or General Condition 11(b), none of the Issuer, the Calculation Agent nor any Agent shall be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting

from the transfer of euro or any currency conversion or rounding effected in connection therewith.

- (d) Definitions Relating to European Economic and Monetary Union. In this General Condition, the following expressions have the meanings set out below.

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Holders pursuant to this General Condition 11 which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.

## 12. AGENTS

- (a) Principal Agent and Agents. The Issuer reserves the right at any time to vary or terminate the appointment of any agent (the "**Agent**") and to appoint further or additional Agents, provided that no termination of appointment of the principal agent (the "**Principal Agent**") shall become effective until a replacement Principal Agent shall have been appointed and provided that, if and to the extent that any of the Notes are listed on any stock exchange or publicly offered in any jurisdiction, there shall be an Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction and provided further that, if and to the extent that any of the Notes are in registered form, there shall be a Registrar and a Transfer Agent (which may be the Registrar), if so specified in the relevant Product Conditions. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will be given to the Holders in accordance with General Condition 4. Each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders or any of them. Any calculations or determinations in respect of the Notes made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Holders.
- (b) Calculation Agent. The Issuer, acting through its address specified in the applicable Final Terms, shall undertake the duties of calculation agent (the "**Calculation Agent**", which

expression shall include any successor calculation agent) in respect of the Notes unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any termination or appointment will be given to the Holders in accordance with General Condition 4.

The Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. Any calculations or determinations in respect of the Notes made by the Calculation Agent (whether or not the Issuer) shall (save in the case of manifest error) be final, conclusive and binding on the Holders.

The Calculation Agent may, with the consent of the Issuer (if the Calculation Agent is not the Issuer), delegate any of its obligations and functions to a third party as it deems appropriate.

#### 13. SURRENDER OF UNMATURED COUPONS

Each Note should be presented for redemption, where applicable, together with all unmatured Coupons relating to it. Upon the due date for redemption of any Note, where applicable, all unmatured Coupons relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof. This General Condition will not apply to Notes issued in dematerialised form.

#### 14. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the English Contracts (Rights of Third Parties) Act 1999 to enforce any Condition. The preceding sentence shall not affect any right or remedy of any person which exists or is available apart from that Act.

#### 15. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Notes may specify amendments to these General Conditions in so far as they apply to that Series.

#### 16. GOVERNING LAW AND JURISDICTION

- (a) The Conditions and any non-contractual obligation arising out of or connection with the Conditions are governed by and shall be construed in accordance with English law.

- (b) The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or in connection with the Notes, including any disputes relating to any non-contractual obligations arising out of or in connection therewith.
- (c) Subparagraph (b) is for the benefit of the Holders only. As a result, nothing prevents any Holder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Holders may take concurrent Proceedings in any number of jurisdictions.
- (d) The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

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## PRODUCT CONDITIONS

RELATING TO CREDIT LINKED NOTES, BASKET CREDIT LINKED NOTES, LEVERAGED CREDIT LINKED NOTES, FIRST TO DEFAULT BASKET CREDIT LINKED NOTES, NTH TO DEFAULT BASKET CREDIT LINKED NOTES, LEVERAGED BASKET CREDIT LINKED NOTES, TRANCHED BASKET CREDIT LINKED NOTES, LEVERAGED TRANCHED BASKET CREDIT LINKED NOTES, ZERO COUPON EQUITY TRANCHE CREDIT LINKED NOTES, RANGE ACCRUAL CREDIT LINKED NOTES, REVERSE EXPOSURE CREDIT LINKED NOTES OR BASKET REVERSE EXPOSURE CREDIT LINKED NOTES

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*The Product Conditions (including the Appendix hereto) which follow relate to the Notes and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions (including the Appendix hereto) and the General Conditions together constitute the Conditions of the Notes (the "Conditions") and will be printed on the Definitive Notes or attached to the relevant Global Note representing the Notes.*

The Notes to which these Product Conditions apply are Credit Linked Notes, Basket Credit Linked Notes, Leveraged Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranching Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes, Zero Coupon Equity Tranche Credit Linked Notes, Range Accrual Credit Linked Notes, Reverse Exposure Credit Linked Notes or Basket Reverse Exposure Credit Linked Notes, as specified in the applicable Final Terms.

### 1. DEFINITIONS

Terms in capitals used in these Product Conditions shall have the meanings ascribed to them in the General Conditions, the Final Terms or the Appendix hereto.

### 2. FORM

(a) Save where the Notes are issued in dematerialised form (where the provisions of paragraph (b) below shall apply), each Note will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. The Notes will either:

- (i) be represented on issue by a Permanent Global Note (the "**Permanent Global Note**") without receipts, interest coupons or talons against certification of beneficial ownership as described above unless such certification has already been given; or

- (ii) be initially issued in the form of a Temporary Global Note (the "**Temporary Global Note**") and whilst any Note is represented by a Temporary Global Note payments of principal and interest in respect of the Notes due prior the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not US persons, or persons who purchase for resale to any US person as required by US Treasury regulations, has been received by the applicable Clearing Agent and the applicable Clearing Agent has given a like certification (based on the certifications it has received) to the Principal Agent. On and after the date (the "**Exchange Date**") which is the later of (A) 40 days after the Temporary Global Note is issued and (B) 40 days after the completion of the distribution of the relevant Notes as determined and notified by the Principal Agent (the "**Distribution Compliance Period**"), interests in such Temporary Global Note will be exchangeable (free of charge) upon request as described therein for interests in the Permanent Global Note .

The form of the Notes will be specified in the applicable Final Terms. A Temporary Global Note and a Permanent Global Note are each referred to as a "**Global Note**".

Each Global Note will be deposited with a Clearing Agent or the depository for one or more Clearing Agents and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Notes are transferred. Interests in a Permanent Global Note, unless otherwise specified in the applicable Final Terms, will be exchangeable (free of charge) in whole but not in part for definitive Notes ("**Definitive Notes**") with (where applicable) receipts, interest coupons and talons attached thereto only in circumstances where the Issuer has been notified that each Clearing Agent has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor Clearing Agent is available or where the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular aggregate nominal amount or unit quantity (as the case may be) of the Notes (in which regard any certificate or other document issued by the relevant Clearing Agent as to the aggregate nominal amount or unit quantity of the Notes standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such aggregate nominal amount or unit quantity of the Notes (and the term "**Holder**" shall be construed

accordingly) for all purposes, other than with respect to any payment obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the relevant Global Note.

- (b) Dematerialised Form. Certain Notes will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to such Notes will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Clearing Agent Rules**"). Accordingly, in these Conditions, the term "**Holder**" in respect of Notes issued in dematerialised form means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Clearing Agent Rules.

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Maturity Date. Unless previously redeemed or purchased and cancelled and subject as provided in the Conditions and provided that (other than in the case of Basket Reverse Exposure Credit Linked Notes and Range Accrual Credit Linked Notes) Conditions to Settlement are not satisfied, each Note will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Maturity Date.
- (b) If Conditions to Settlement are satisfied then (other than in the case of Range Accrual Credit Linked Notes) the provisions of Product Condition 4 shall apply.
- (c) Interest Amount.
  - (i) In the case of Credit Linked Notes, Basket Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranching Basket Credit Linked Notes and Leveraged Tranching Basket Credit Linked Notes, each Note shall bear interest at the Interest Rate in respect of each Interest Period, subject to the applicable Final Terms. The Interest Amount in respect of each such Note is calculated by reference to the relevant Interest Period, the Interest Rate, the Interest Calculation Amount and the Interest Rate Day Count Fraction and is payable on each Interest Payment Date.
  - (ii) In the case of Range Accrual Credit Linked Notes, subject to Product Condition 6, the Interest Amount in respect of each Interest Period and each Note is an amount in the Settlement Currency, determined by the Calculation Agent, equal to the product of:

- (A) the Interest Calculation Amount;
- (B) the Interest Rate;
- (C) the relevant Interest Spread Fraction; and
- (D) the Interest Rate Day Count Fraction

and is payable on the Interest Payment Date on which such Interest Period ends.

- (iii) In the case of Zero Coupon Equity Tranche Credit Linked Notes, Reverse Exposure Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes, no interest shall be paid.
- (d) Interest Accrual. In the case of Credit Linked Notes, Basket Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranching Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes and Range Accrual Credit Linked Notes and subject to the applicable Final Terms, each Note shall cease to accrue interest from and including the due date for its redemption or early redemption, Provided That, in the case of interest-bearing Notes other than Basket Credit Linked Notes, Tranching Basket Credit Linked Notes and Range Accrual Credit Linked Notes, if:
  - (i) "Accrual of Interest upon Credit Event" is specified as not applying in the applicable Final Terms, each Note shall cease to bear interest from the Interest Payment Date immediately preceding the Credit Event Determination Date or, if the Credit Event Determination Date coincides with an Interest Payment Date, such Interest Payment Date or, if the Credit Event Determination Date falls prior to the first Interest Payment Date, no interest shall accrue on the Notes; or
  - (ii) "Accrual of Interest upon Credit Event" is specified as applying in the applicable Final Terms, each Note shall cease to bear interest from the Credit Event Determination Date and the final payment of interest shall be payable on the Credit Event Redemption Date and no further interest shall be payable in respect of such delay;

Provided Further That, in the case of:

- (i) Range Accrual Credit Linked Notes not referencing an Index, each Note shall cease to bear interest from the Credit Event Determination Date (if any) in respect of the specified Reference Entity; and
- (ii) Range Accrual Notes referencing an Index, if Product Condition 6 applies, interest will accrue as provided therein;

Provided Further That, in the case of interest-bearing Notes, if:

- (I) Product Condition 7 applies in respect of the Notes and a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or Product Condition 8 applies in respect of the Notes and a Failure to Pay has not occurred on or prior to the Grace Period Extension Date; and/or
- (II) Product Condition 9 applies in respect of the Notes and the Scheduled Maturity Date, the Grace Period Extension Date or the Repudiation/Moratorium Evaluation Date, as the case may be, is postponed as provided therein,

then interest will accrue as provided in Product Condition 7, Product Condition 8 or Product Condition 9, as the case may be.

- (e) Method of Payment. Subject as provided below, where any amount payable in respect of the Notes is in a currency other than euro, such payment will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; or where any amount payable in respect of the Notes is in euro, such payment will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Notwithstanding the previous two sentences, for as long as the Notes are represented by the relevant Global Note and in any event in the case of Notes in dematerialised form, payments will be made through the Clearing Agent(s) and will be made in accordance with the rules of each Clearing Agent. All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (f) Presentation and Surrender. If a Note is in definitive form, payment of the Cash Amount, Credit Event Amount and each Interest Amount if applicable, will be made against presentation and, if applicable, surrender of the Note and each relative Coupon, respectively, by or on behalf of the Holder at the specified office of the Principal Agent. If a Note is represented by the relevant Global Note, payment of (i) the Cash Amount and (ii) each Interest Amount or Credit Event Amount will be made against presentation and, in the case of payment of the Cash Amount, surrender of the relevant Global Note by or on behalf of the Holder at the specified office of the Principal Agent. In all such cases payment will be subject to any endorsement on the face of the Note or Coupon as applicable. In the case of any Global Note, the Issuer shall record all payments made by it to the relevant Clearing Agent and such record shall be *prima facie* evidence that the payment in question has been made. Other than in the case of Notes in dematerialised form, the bearer of a Note shall be

the only person entitled to receive payments of the Cash Amount or the Interest Amount or the Credit Event Amount and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. The bearer of a Note, or (in the case of a Global Note or Notes in dematerialised form) each of the persons shown in the records of a Clearing Agent as the holder of a particular aggregate nominal amount or unit quantity of the Notes, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Note or, in the case of Notes in dematerialised form, to the Clearing Agent. References in this paragraph to Cash Amount shall include any other amount payable on redemption of a Note.

- (g) **Payment Day.** If the date for payment of any amount in respect of a Note is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and the Holder shall not be entitled to any interest or other payment in respect of such delay.
- (h) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any amount or payment in respect of the Notes.
- (i) **Settlement Risk.** Settlement of the Notes is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Notes.
- (j) **Expenses.** In respect of each Note, all Expenses in respect thereof shall be for the account of the relevant Holder and no payment of any amount in respect of the Notes shall be made until all Expenses in respect thereof have been paid or deducted to the full satisfaction of the Issuer, provided that in each case Expenses shall be without duplication of any amount reflected in Unwind Costs, if applicable.
- (k) **Product Condition 4 and Product Conditions 7 to 13 (inclusive)** shall not apply to Range Accrual Credit Linked Notes referencing an Index and Product Conditions 4 to 13 (inclusive) shall not apply to any other Range Accrual Notes.
- (l) **Index Adjustment/Disruption.** If, on any day, the Calculation Agent determines that an Index Adjustment Event has occurred in respect of the Index specified in the applicable Final Terms in respect of any Notes referencing an Index (which, in respect of a Range Accrual Credit Linked Note referencing an Index, shall mean the On-The-Run Index at such time), then the Calculation Agent may make any adjustment to the terms and conditions of such Notes which it determines appropriate as a result of the relevant Index Adjustment Event.

The Issuer will notify Holders of any adjustment made in accordance with General Condition 4.

If, on any day, the Calculation Agent determines that an Index Disruption Event has occurred in respect of the Index specified in the applicable Final Terms in respect of any Notes referencing an Index, then the Issuer will give not less than 10 and not more than 30 days' notice to Holders in accordance with General Condition 4 and, on expiry of that notice (and regardless of whether or not the Index Disruption Event is then continuing), the Notes will be redeemed in whole (and may not be redeemed in part) at an amount per Note determined by the Calculation Agent to be equal to the fair market value of the Note (determined without taking into account the creditworthiness of the Issuer) as at the date of redemption or (if an Index Disruption Event is then continuing) immediately preceding the relevant Index Disruption Event.

(m) Business Day Conventions and Business Days

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

- (1) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day;
- (2) 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
- (3) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

4. OCCURRENCE OF A CREDIT EVENT

- (a) In the case of Credit Linked Notes and Reverse Exposure Credit Linked Notes, if Conditions to Settlement are satisfied, the Issuer shall give notice (such notice a "**Settlement Notice**") to the Holders as soon as is reasonably practicable in accordance with General Condition 4 and redeem all but not some only of the Notes at the Credit Event Redemption Amount on the Credit Event Redemption Date.

*If a Note becomes redeemable in accordance with this Product Condition 4(a), upon payment of the Credit Event Redemption Amount in respect of such Note the Issuer shall*

*have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount in relation to a Credit Linked Note to which Principal Protection does not apply is likely to be less than (and in some cases significantly less than) the Cash Amount which might otherwise have fallen due in respect of such Note. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.*

- (b) In the case of Basket Credit Linked Notes to which Credit Payment on Maturity applies, if Conditions to Settlement are satisfied in respect of any specified Reference Entity , the Issuer shall give notice (such notice a "**Settlement Notice**") to the Holders as soon as is reasonably practicable and in accordance with General Condition 4 and, in respect of each Note:
- (i) the Interest Calculation Amount applicable to payments of an Interest Amount or Additional Interest Amount (if any) shall be reduced in accordance with the definition of such term; and
  - (ii) each Note shall be redeemed at the Credit Event Redemption Amount on the Maturity Date, subject as provided in Condition 4(k) below.

For the avoidance of doubt part (i) of this provision will apply and part (ii) shall continue to apply in relation to each Reference Entity in respect of which Conditions to Settlement are satisfied.

Any delay in the delivery of a Settlement Notice or failure by the Issuer to deliver a Settlement Notice shall not affect the validity of the Conditions to Settlement in respect of the Affected Reference Entity.

*If parts (i) and (ii) of this Product Condition 4(b) apply, in respect of one or more Reference Entities, to a Note, upon payment of the Credit Event Redemption Amount in respect of such Note the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount in relation to a Basket Credit Linked Note to which Credit Payment on Maturity does apply and Principal Protection does not apply is likely to be less than (and in some cases significantly less than) the Cash Amount which might otherwise have fallen due in respect of such Note. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.*

- (c) In the case of Basket Credit Linked Notes to which Credit Payment on Maturity does not apply, if Conditions to Settlement are satisfied in respect of any specified Reference Entity , the Issuer shall give notice (such notice a "**Settlement Notice**") to the Holders as soon as is reasonably practicable in accordance with General Condition 4 and, in respect of each Note:

- (i) the Issuer shall pay an amount equal to the relevant Credit Event Amount on the relevant Credit Event Payment Date;
- (ii) the Interest Calculation Amount applicable to each payment of an Interest Amount or Additional Interest Amount (if any) shall be reduced in accordance with the definition of such term; and
- (iii) each Note shall be redeemed at the Credit Event Redemption Amount on the Maturity Date, subject as provided in Condition 4(k) below.

For the avoidance of doubt parts (i) and (ii) of this provision will apply and part (iii) of this provision will continue to apply in relation to each Reference Entity in respect of which Conditions to Settlement are satisfied.

***If parts (i), (ii) and (iii) of this Product Condition 4(c) apply, in respect of one or more Reference Entities, to a Note, upon payment of each Credit Event Amount and the Credit Event Redemption Amount in respect of such Note the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount is likely to be less than (and in some cases significantly less than) the Cash Amount which might otherwise have fallen due in respect of such Note. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.***

- (d) In the case of Leveraged Credit Linked Notes, subject as provided below, if Conditions to Settlement are satisfied in respect of the Reference Entity and in the case of Leveraged Basket Credit Linked Notes and First to Default Basket Credit Linked Notes, subject as provided below, if Conditions to Settlement are satisfied in respect of any specified Reference Entity, the Issuer shall give notice (such notice a "**Settlement Notice**") to the Holders as soon as is reasonably practicable in accordance with General Condition 4 and shall redeem all but not some only of the Notes at the Credit Event Redemption Amount on the Credit Event Redemption Date.

In the case of Leveraged Basket Credit Linked Notes and First to Default Basket Credit Linked Notes, Conditions to Settlement may only be satisfied on one occasion and consequently a Credit Event Determination Date may only occur and a Settlement Notice may only be delivered on one occasion. In the case of Leveraged Basket Credit Linked Notes and First to Default Basket Credit Linked Notes, if Conditions to Settlement are satisfied in respect of more than one Reference Entity on the same date, the Calculation Agent shall determine which Reference Entity is the Reference Entity in respect of which Conditions to Settlement are satisfied first.

*If a Note becomes redeemable in accordance with this Product Condition 4(d), upon payment of the Credit Event Redemption Amount in respect of such Note the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount in relation to a Leveraged Credit Linked Note, a Leveraged Basket Credit Linked Note or a First to Default Credit Linked Note to which Principal Protection does not apply is likely to be less than (and in some cases significantly less than) the Cash Amount which might otherwise have fallen due in respect of such Note. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.*

- (e) In the case of Nth to Default Basket Credit Linked Notes, the Calculation Agent shall determine each occasion on which Conditions to Settlement are satisfied in respect of a specified Reference Entity (each such occasion a "**Relevant Conditions to Settlement Event**"). A Relevant Conditions to Settlement Event may not occur more than once in respect of the same Reference Entity. No adjustments or Credit Event related payments shall be made in respect of the Notes due to any Relevant Conditions to Settlement Event until the nth Relevant Conditions to Settlement Event to occur (nth referring to the numerical value (e.g. 2nd, 3rd...) specified as such in the Final Terms). On the occurrence of the nth Relevant Conditions to Settlement Event, the Issuer shall give notice (such notice a "**Settlement Notice**") to the Holders as soon as is reasonably practicable in accordance with General Condition 4 and shall redeem all but not some only of the Notes at the Credit Event Redemption Amount on the Credit Event Redemption Date. If Conditions to Settlement are satisfied in respect of more than one Reference Entity on the same date, the Calculation Agent will determine the sequence in which Conditions to Settlement are satisfied on such day and, for the avoidance of doubt, a Relevant Conditions to Settlement Event shall occur in respect of each Reference Entity for which Conditions to Settlement are satisfied (even if on the same day) up to and including the nth Relevant Conditions to Settlement Event.

*If the nth Relevant Conditions to Settlement Event occurs, then upon payment of the Credit Event Redemption Amount in respect of each Note the Issuer shall have discharged its obligations in respect of each Note and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount is likely to be less than (and in some cases significantly less than) the Cash Amount which might otherwise have fallen due in respect of such Note. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.*

- (f) In the case of Tranched Basket Credit Linked Notes, if Conditions to Settlement are satisfied in respect of any specified Reference Entity, the Issuer shall give notice (such notice a

"Settlement Notice") to the Holders as soon as is reasonably practicable in accordance with General Condition 4 and, in respect of each Note:

- (i) the Issuer shall pay an amount equal to the relevant Credit Event Amount on the relevant Credit Event Payment Date, provided that such Credit Event Amount is greater than zero;
- (ii) the Interest Calculation Amount applicable to each payment of an Interest Amount or Additional Interest Amount shall be reduced, if applicable, in accordance with the definition of such term; and
- (iii) each Note shall be redeemed at the Credit Event Redemption Amount on the Maturity Date, subject as provided in Condition 4(l) below.

For the avoidance of doubt parts (i) and (ii) of this provision will apply and part (iii) of this provision will continue to apply in relation to each Reference Entity in respect of which Conditions to Settlement are satisfied.

***If parts (i), (ii) and (iii) of this Product Condition 4(f) apply, in respect of one or more Reference Entities, to a Note, upon payment of each Credit Event Amount and the Credit Event Redemption Amount in respect of such Note the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount in relation to a Tranche Basket Credit Linked Note to which Principal Protection does not apply is likely to be less than (and in some cases significantly less than) the Cash Amount which might otherwise have fallen due in respect of a Note or may be zero. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.***

- (g) In the case of Leveraged Tranche Basket Credit Linked Notes, subject as provided in the immediately following sentence, if Conditions to Settlement are satisfied in respect of any specified Reference Entity and the relevant Aggregate Loss Amount is greater than the Threshold Amount the Issuer shall give notice (such notice a "Settlement Notice") to the Holders as soon as is reasonably practicable in accordance with General Condition 4 and each Note shall be redeemed at the Credit Event Redemption Amount on the Credit Event Redemption Date. If Conditions to Settlement are satisfied in respect of more than one Reference Entity on the Credit Event Determination Date (where the Loss Amount in respect of each such Reference Entity would result in the Aggregate Loss Amount exceeding the Threshold Amount), the Calculation Agent shall determine which Reference Entity is the Reference Entity in respect of which Conditions to Settlement are satisfied first.

***If a Note becomes redeemable in accordance with this Product Condition 4(g), upon payment of the Credit Event Redemption Amount in respect of such Note the Issuer shall***

*have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount in relation to a Leveraged Tranching Basket Credit Linked Note to which Principal Protection does not apply is likely to be less than (and in some cases significantly less than) the Cash Amount which might otherwise have fallen due in respect of such Note. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.*

- (h) In the case of Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes and Leveraged Tranching Basket Credit Linked Notes, following the occurrence of a Trigger Event the Issuer shall have the right but not the obligation to redeem all but not some only of the Notes on the Trigger Event Early Redemption Date (such date as designated by the Issuer in a Trigger Event Early Redemption Notice to be given by the Issuer as soon as reasonably practicable, and in any case at least two days prior to the Trigger Event Early Redemption Date following the occurrence of a Trigger Event) each Note being redeemed at an amount equal to the Note Market Value determined on the Trigger Event Early Redemption Date, immediately prior to redemption of such Note, together with accrued interest calculated up to but excluding the Trigger Event Early Redemption Date.
- (i) In the case of Zero Coupon Equity Tranche Credit Linked Notes, if Conditions to Settlement are satisfied in respect of any specified Reference Entity, the Issuer shall give notice (such notice a "**Settlement Notice**") to the Holders as soon as is reasonably practicable in accordance with General Condition 4 and the Notes shall be redeemed at the Credit Event Redemption Amount on the Maturity Date, subject as provided in Condition 4(m) below.

For the avoidance of doubt, notwithstanding the satisfaction of Conditions to Settlement in respect of one or more Reference Entities, the Notes will remain outstanding until the Maturity Date.

*If a Note is redeemed pursuant to this Product Condition 4(i), upon payment of the Credit Event Redemption Amount in respect of such Note the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount in relation to a Zero Coupon Equity Tranche Credit Linked Note to which Principal Protection does not apply may be less than (and in some cases significantly less than) the Cash Amount which might otherwise have fallen due in respect of a Note or may be zero. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.*

- (j) In the case of Basket Reverse Exposure Credit Linked Notes, if Conditions to Settlement are satisfied in respect of any specified Reference Entity, the Issuer shall give notice (such notice a "**Settlement Notice**") to the Holders in accordance with General Condition 4 and in relation to each Note the Issuer shall pay an amount equal to the relevant Credit Event Amount on the

relevant Credit Event Payment Date. For the avoidance of doubt this provision will apply in relation to each Reference Entity in respect of which Conditions to Settlement are satisfied and is without prejudice to Condition 3(a) which shall continue to apply in relation to the final redemption of Basket Reverse Exposure Credit Linked Notes, subject as provided in Condition 4(k).

***However no representation (express or implied) is made that Conditions to Settlement will be satisfied in respect of any specified Reference Entity and if this does not occur then no Credit Event Amounts will be payable.***

- (k) In the case of Basket Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes, if the Calculation Agent determines that Conditions to Settlement have been satisfied in respect of all the specified Reference Entities each Note shall be redeemed (together, if applicable, with any interest accrued thereon up to but excluding the due date for redemption) at (i) the final Credit Event Amount, determined by reference to the calculation of the Final Price for the Reference Entity in relation to which Conditions to Settlement are satisfied last in time, on the final Credit Event Payment Date (in the case of Basket Credit Linked Notes to which Credit Payment on Maturity does not apply); (ii) the Credit Event Redemption Amount on the Credit Event Redemption Date (in the case of Basket Credit Linked Notes to which Credit Payment on Maturity does apply and for which Principal Protection is specified as "Not Applicable" in the applicable Final Terms); or (iii) the Zero Coupon Bond Amount determined as of the second Business Day prior to the final Credit Event Payment Date, together with the Credit Event Amount then due (in the case of Basket Reverse Exposure Credit Linked Notes), on the final Credit Event Payment Date. In the event that part (iii) above applies to Basket Reverse Exposure Credit Linked Notes, notwithstanding Product Condition 3(a), no Cash Amount shall be payable in respect of the Notes.

Notwithstanding part (ii) above, in the case of Basket Credit Linked Notes to which Credit Payment on Maturity does apply and for which Principal Protection is specified as "Applicable" in the applicable Final Terms, the Credit Event Redemption Amount shall be payable on the Credit Event Redemption Date.

***If part (i), (ii) or (iii) of this Product Condition 4(k) applies to a Note, upon payment of such amount the Issuer shall have discharged its obligations in respect of such Note and shall have no liability or obligation whatsoever in respect thereof (unless Principal Protection is specified as "Applicable" in the applicable Final Terms). The Credit Event Redemption Amount in relation to a Basket Credit Linked Note is likely to be significantly less than the Cash Amount or may be zero. Any shortfall shall be borne by the relevant Holder and no liability shall attach to the Issuer.***

- (l) In the case of Tranched Basket Credit Linked Notes, if the Calculation Agent determines that, following determination of a Credit Event Amount, the Aggregate Loss Amount is greater than the Maximum Loss Amount, the Notes shall be redeemed by payment of the final Credit Event Amount on the relevant Credit Event Payment Date (together with any accrued interest calculated up to but excluding the relevant Credit Event Payment Date) and no further amount (including any Credit Event Redemption Amount) shall be payable on the Notes unless Principal Protection is specified as "Applicable" in the applicable Final Terms.

Notwithstanding the above paragraph, if Principal Protection is specified as "Applicable" in the Final Terms applicable to Tranched Basket Credit Linked Notes and the Calculation Agent determines that, following determination of a Credit Event Amount, the Aggregate Loss Amount is greater than the Maximum Loss Amount, the Credit Event Redemption Amount shall be payable on the Credit Event Redemption Date.

***If this Product Condition 4(l) applies to a Tranched Basket Credit Linked Note, upon payment of such amounts the Issuer shall have discharged its obligations in respect of such Note and shall have no liability or obligation whatsoever in respect thereof.***

- (m) In the case of Zero Coupon Equity Tranche Credit Linked Notes, if the Calculation Agent determines that, following determination of a Loss Amount, the Aggregate Loss Amount is greater than the Maximum Loss Amount, no amount (including any Credit Event Redemption Amount) shall be payable on the Notes (unless Principal Protection is specified as "Applicable" in the applicable Final Terms).

Notwithstanding the above paragraph, if Principal Protection is specified as "Applicable" in the Final Terms applicable to Zero Coupon Equity Tranche Credit Linked Notes and if the Calculation Agent determines that, following determination of a Loss Amount, the Aggregate Loss Amount is greater than the Maximum Loss Amount, the Notes shall be redeemed by payment of the Credit Event Redemption Amount on the Maturity Date.

***If this Product Condition 4(m) applies to a Zero Coupon Equity Tranche Credit Linked Note, upon such a determination by the Calculation Agent and payment of the amounts specified above the Issuer shall have discharged its obligations in respect of such Note and shall have no liability or obligation whatsoever in respect thereof.***

- (n) Where pursuant to General Condition 6(a) or General Condition 6(b) further Notes are issued or Notes are purchased and cancelled, the Calculation Agent will adjust such of the Conditions and the Final Terms as it determines to be appropriate (including, without limitation, in relation to the Portfolio and Tranche related amounts) in order that the Notes may continue to reflect the relevant economic exposure of Holders notwithstanding the relevant further issue or purchase and cancellation. Upon the Calculation Agent making any such adjustment(s), the

Issuer shall give notice as soon as practicable to the Holders in accordance with General Condition 4 stating the relevant adjustments.

5. AUCTION SETTLEMENT AND CASH SETTLEMENT

If the Conditions to Settlement are satisfied in relation to a specified Reference Entity or, in relation to Nth to Default Basket Credit Linked Notes, the Reference Entity which is the subject of the nth occurrence of the satisfaction of the Conditions to Settlement, then where Auction Settlement is specified as the Settlement Method in the applicable Final Terms and a Credit Event Determination Date in relation to such Reference Entity occurs on or prior to the Auction Final Price Determination Date, an Auction Final Price shall be used for determining all relevant values and amounts arising in respect of Conditions to Settlement being satisfied in relation to such Reference Entity. However if (A) prior to the Auction Final Price Determination Date, any of the following conditions is fulfilled or (B) Cash Settlement is specified as the Settlement Method in the applicable Final Terms, then the Final Price shall be used for determining all relevant values and amounts arising as a result of Conditions to Settlement being satisfied in respect of such Reference Entity and (in the case of (A)) the Fallback Settlement Method (being Cash Settlement) shall be deemed to apply to such Reference Entity:

- (a) an Auction Cancellation Date occurs;
- (b) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraph (b) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option);
- (c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date;
- (d) a Credit Event Determination Date was determined pursuant to paragraph (a) of the definition of Credit Event Determination Date and no 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 paragraph (b)(ii)(A) or (b)(ii)(B) of the definition of Credit Event Determination Date.

6. DEFERRED INTEREST ON RANGE ACCRUAL CREDIT LINKED NOTES REFERENCING AN INDEX

If, in respect of a Range Accrual Credit Linked Note referencing an Index, the Conditions to Settlement are satisfied in respect of a Reference Entity at any time, no interest shall be payable pursuant to Product Condition 3(c)(ii) in respect of the period from and including such Credit Event

Determination Date to but excluding the earlier of the Scheduled Maturity Date and the Calculation Date (as defined immediately below) (if any) in respect of such Reference Entity.

If, following such Credit Event Determination Date, a Final Price or an Auction Final Price, as applicable, in respect of such Reference Entity is determined on any day on or prior to the Scheduled Maturity Date (each such day, a "**Calculation Date**"), the Issuer shall be obliged to pay, on the third Business Day following such Calculation Date, an Additional Interest Amount in respect of each Note.

#### 7. REPUDIATION/MORATORIUM EXTENSION

Where "Repudiation/Moratorium" is specified as a Credit Event in the applicable Final Terms, the provisions of this Product Condition 7 shall apply.

In respect of any specified Reference Entity, where Conditions to Settlement have not been satisfied for such Reference Entity on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time) but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Product Condition 9(y) applies, the Postponed Maturity Date and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation/Moratorium will, in the determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Issuer shall notify the Holders in accordance with General Condition 4 that a Potential Repudiation/Moratorium has occurred and:

- (a) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
  - (1) each Note will be redeemed by the Issuer by payment of the Cash Amount or, in the case of Basket Credit Linked Notes, Tranching Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit Linked Notes, if Conditions to Settlement have been satisfied in respect of any other Reference Entity, at the Credit Event Redemption Amount, in each case, on the fifth Business Day immediately following the Repudiation/Moratorium Evaluation Date; and
  - (2) in the case of interest-bearing Notes, the Issuer shall be obliged (x) to pay an Interest Amount in respect of each Note calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Issue Date to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each Note and the Additional Amount Period ending on (but excluding) the Repudiation/Moratorium Evaluation Date, but, in each case, shall only be obliged to make such payments of interest on the fifth Business Day following the Repudiation/Moratorium Evaluation Date and

no further or other amount in respect of interest shall be payable in respect of such delay; or

- (b) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied the provisions of Product Condition 4 shall apply to the Notes and no further or other amount in respect of interest shall be payable in respect of such delay.

#### 8. GRACE PERIOD EXTENSION

If "Grace Period Extension" is specified as applying in the applicable Final Terms, the provisions of this Product Condition 8 shall apply.

In respect of any specified Reference Entity where Conditions to Settlement have not been satisfied for such Reference Entity on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time) but a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time) (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then:

- (a) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:
  - (1) each Note will be redeemed by the Issuer by payment of the Cash Amount or, in the case of Basket Credit Linked Notes, Tranche Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit Linked Notes, if Conditions to Settlement have been satisfied in respect of any other Reference Entity at the Credit Event Redemption Amount, on the Grace Period Extension Date; and
  - (2) in the case of interest-bearing Notes, the Issuer shall be obliged (x) to pay an Interest Amount in respect of each Note calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Issue Date to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each Note and the Additional Amount Period ending on (but excluding) the Grace Period Extension Date, but, in each case, shall only be obliged to make such payment of interest on the Grace Period Extension Date and no further or other amount in respect of interest shall be payable in respect of such delay; or
- (b) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and the Conditions to Settlement are satisfied the provisions of Product Condition 4 shall apply to the Notes and no further or other amount in respect of interest shall be payable in respect of such delay.

9. MATURITY DATE EXTENSION

If:

- (x) on (A) the Scheduled Maturity Date or (B) if "Repudiation/Moratorium" is specified as a Credit Event in the applicable Final Terms, the Repudiation/Moratorium Evaluation Date, or (C) if "Grace Period Extension" is specified as applying in the applicable Final Terms, the Grace Period Extension Date, as the case may be, Conditions to Settlement have not been satisfied but, in the opinion of the Calculation Agent, a Credit Event may have occurred; or
- (y) on the Scheduled Maturity Date, if "Repudiation/Moratorium" is specified as a Credit Event in the applicable Final Terms, in the opinion of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may notify the Holders in accordance with General Condition 4 that the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, has been postponed to a date (such date the "**Postponed Maturity Date**") specified in such notice falling 12 Business Days after the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, and

- (a) where, in the case of Product Condition 9(x), Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date, or, in the case of Product Condition 9(y), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:

- (1) subject as provided below, each Note will be redeemed by the Issuer, in respect of each Note, by payment of the Cash Amount or, in the case of Basket Credit Linked Notes, Tranche Basket Credit Linked Notes (determined by reference to the Relevant Time) or Zero Coupon Equity Tranche Credit Linked Notes, if Conditions to Settlement have been satisfied in respect of any other Reference Entity at the Credit Event Redemption Amount, in each case on the Postponed Maturity Date; and
- (2) in the case of interest-bearing Notes, the Issuer shall be obliged (x) to pay an Interest Amount in respect of each Note calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Issue Date to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each Note and the Additional Amount Period ending on (but excluding) the Postponed Maturity Date, but, in each case, shall only be obliged to make such payment of interest on the Postponed

Maturity Date and no further or other amount in respect of interest shall be payable in respect of such delay; or

(b) where:

- (1) in the case of Product Condition 9(x), Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Product Condition 4 shall apply to the Notes and no further or other amount in respect of interest shall be payable in respect of such delay; or
- (2) in the case of Product Condition 9(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Product Condition 7 shall apply to the Notes.

#### 10. REDEMPTION FOLLOWING A MERGER EVENT

Where "Merger Event" is specified as applying in the applicable Final Terms, in the event that in the determination of the Calculation Agent, a Merger Event has occurred, the Issuer may notify the Holders in accordance with General Condition 4 and redeem all but not some of the Notes and pay, in respect of each nominal amount of the Notes, the Early Redemption Amount on the Merger Event Redemption Date, as specified in the applicable Final Terms.

#### 11. CREDIT EVENT NOTICE AFTER RESTRUCTURING CREDIT EVENT

If Product Condition 11 is specified as applying in the applicable Final Terms, then, notwithstanding anything to the contrary in these Product Conditions, upon the occurrence of a Restructuring Credit Event:

- (1) the Calculation Agent may deliver a Credit Event Notice in respect of an amount (the "**Partial Redemption Amount**") that is less than the full Nominal Amount of each Note in respect of which the Calculation Agent is entitled to deliver such Credit Event Notice (the difference being the "**Remaining Portion**") and the relevant provisions of Product Condition 4 shall apply to the Partial Redemption Amount only, including for the purposes of calculating a Credit Event Amount, Credit Event Redemption Amount or any other relevant amount in respect of the Notes. In such circumstances the Calculation Agent may adjust such provisions of the Product Conditions and/or the applicable Final Terms as it determines appropriate to take account of this, including the basis of calculation of any Credit Event Redemption Amount, Credit Event Amount or any other relevant amount.
- (2) For the avoidance of doubt (i) following any payment of a Credit Event Redemption Amount, Credit Event Amount or any other relevant amount or any determination made in respect of any Partial Redemption Amount, the Calculation Agent may thereafter deliver one or more further Credit Event Notices in respect of the Remaining Portion to which the

provisions of (1) above shall continue to apply and (ii) the Calculation Agent may adjust the provisions of these Product Conditions and/or the applicable Final Terms in such manner as it may determine to be appropriate to account for such event.

- (3) If the provisions of this Product Condition 11 apply in respect of the Notes, on any 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 part redemption.

## 12 CREDIT DERIVATIVES DETERMINATIONS COMMITTEE EXTENSION AND SETTLEMENT SUSPENSION

### (a) Credit Derivatives Determinations Committee Extension

If, in the determination of the Calculation Agent, a Potential Credit Event has occurred in respect of a specified Reference Entity and the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time) then the Calculation Agent shall notify the Holders in accordance with General Condition 4 that the Maturity Date has been postponed to a date (the "**DC Cut-off Date**") being the earliest of: (i) 15 Business Days following the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred; (ii) the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred; and (iii) 15 Business Days following the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine whether a Credit Event has occurred and:

- (i) where a Credit Event has not occurred in respect of such Reference Entity on or prior to the DC Cut-off Date:
- (A) each Note will be redeemed by the Issuer by payment of the Cash Amount or, in the case of Basket Credit Linked Notes, the Tranching Basket Credit Linked Notes or Zero Coupon Equity Tranching Credit Linked Notes, if the Conditions to Settlement have been satisfied in respect of any other Reference Entity, at the Credit Event Redemption Amount, in each case on the fifth Business Day immediately following the DC Cut-off Date; and
  - (B) in the case of interest bearing Notes, the Issuer shall be obliged to (x) pay an Interest Amount in respect of each Note calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Issue Date to (but excluding) the Scheduled Maturity Date and (y) pay an Additional Interest Amount in respect of each Note and the Additional Amount Period ending on (but excluding) the DC Cut-off Date but, in each case, shall only be obliged to make such payments of interest on the fifth Business Day following the DC Cut-off Date and no further or other

amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

- (ii) where a Credit Event has occurred in respect of such Reference Entity on or prior to the DC Cut-off Date and Conditions to Settlement are satisfied, the provisions of Product Condition 4 shall apply to the Notes and no further or other amount in respect of interest shall be payable in respect of such delay.

(b) Settlement Suspension

(i) Suspension

Without prejudice to Product Condition 9 above, if, following the determination of a Credit Event Determination Date in accordance with sub-paragraph (a) of the definition of Credit Event Determination Date but prior to the Maturity Date or, to the extent applicable, a Valuation Date, ISDA publicly announces 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, the Calculation Agent may, at its option, determine that the applicable timing requirements of Product Conditions 3 and 4 and the definitions of Credit Event Redemption Date, Credit Event Payment Date, Valuation Date, and any other provision in the Product Conditions as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (b) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (A) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (B) not to determine such matters, the relevant timing requirements of the Product Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA.

In the event of any such Suspension Period, the Calculation Agent may make (x) such consequential or other adjustment(s) or determination(s) to or in relation to the Product Conditions as may be desirable or required either during or following such Suspension Period to account for or reflect such suspension and (y) determine the effective date of such adjustment(s) or determination(s).

(ii) Interest

In the case of interest-bearing Notes:

- (A) if a Suspension Period falls in any one or more Interest Period(s), then no interest (or any interest on any delayed payment of interest) shall accrue during each portion (which may be all) of an Interest Period during which such Suspension Period exists; and
- (B) if an Interest Payment Date falls in a Suspension Period, such Interest Payment Date will be deferred until such date as determined by the Calculation Agent following the end of the Suspension Period.

### 13. PROVISIONS RELATING TO MULTIPLE HOLDER OBLIGATION

If Product Condition 13 is specified as applying in the applicable Final Terms, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (i) to (v) of the definition of "Restructuring" in the Appendix hereto shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation and where Qualifying Guarantee Provisions are specified as applying in the applicable Final Terms, Provided That any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii) of the definition of "Multiple Holder Obligation" below.

**"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.

### 14. CALCULATION AGENT, CALCULATION AGENT NOTICES AND MODIFICATIONS

Pursuant to the Conditions the Calculation Agent has a number of discretions. These are necessary because certain circumstances and/or the occurrence of certain events may materially affect the costs to the Issuer and/or a hedging counterparty of maintaining the Notes and/or the hedging arrangements for the Notes, in each case before and after the occurrence of such event, in a way which has not been reflected in the original pricing of the Notes. In addition certain circumstances may arise where it is not reasonably practicable or otherwise not appropriate for certain valuations to be carried out in relation to Reference Entities or Reference Obligations or other relevant values. In these circumstances the Calculation Agent also may exercise certain discretions.

Whenever the Calculation Agent is required to act or exercise judgment it will do so in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Conditions and the hedging arrangements entered into with any relevant hedging counterparty). The Calculation Agent shall, as soon as practicable after making any determination in relation to a Credit

Event notify the Issuer and the Holders of such determination. The Calculation Agent is not acting as a fiduciary for or as an advisor to the Holders in respect of its duties as Calculation Agent in connection with any Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent under the Notes shall (in the absence of manifest error) be final and binding on the Issuer and the Holders. Whenever the Calculation Agent is required to make any determination it may, inter alia, decide issues of construction and legal interpretation. Notwithstanding that certain calculations, determinations and adjustments in the Conditions may be expressed to be on a certain date, the Calculation Agent may make such calculations, determinations and adjustments in respect of that date on a date after that date determined by it in its discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and, in the absence of wilful misconduct or gross negligence, neither the Calculation Agent nor the Issuer shall bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

Any notice to be delivered by the Calculation Agent to the Issuer pursuant to the Conditions may be given in writing (including by facsimile and/or e-mail or by telephone) or, in the case where the Issuer and the Calculation Agent are the same legal entity, any notice shall be deemed to be given by the Calculation Agent to the Issuer on the earliest date on which such notice could have been given. Any such notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. Any such notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day or on a day which is not a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day regardless of the form in which it is delivered. For purposes of the two preceding sentences and notwithstanding the provisions therein, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place whether or not such conversation occurs on a Calculation Agent City Business Day. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. However, failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

The Calculation Agent will employ the methodology described in the Conditions to determine the amounts payable in respect of the Notes provided that, without prejudice to General Condition 7, the Calculation Agent shall be free to modify such methodology from time to time as it, acting in good

faith and in a commercially reasonable manner, deems appropriate in response to any market, regulatory, juridical, fiscal or other circumstances which may arise which, in the opinion of the Calculation Agent, necessitates a modification or change of such methodology, or for the purposes of (i) curing any ambiguity or correcting or supplementing any provision of the Conditions, (ii) accounting for any change in the basis on which any relevant values, levels or information is calculated or provided which would materially change the commercial effect of any provision or provisions of the Conditions or (iii) replacing any information provider or source.

Without prejudice to the generality of the foregoing, if a new or alternative protocol or other market standard agreement setting out an alternative valuation method in relation to a Reference Entity or credit derivatives transactions generally and sponsored by ISDA or another internationally recognised association or organisation has been published (a "**New Protocol**"), the Calculation Agent may, subject to the remainder of this Product Condition 14, follow some or all of the terms of such New Protocol in respect of one or more Series of Notes.

#### 15. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Notes may specify amendments to these Product Conditions in so far as they apply to that Series.

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## APPENDIX TO THE PRODUCT CONDITIONS

### RELATING TO THE NOTES

#### Interpretation

The following definitions which relate to the Notes should be read in conjunction with the Product Conditions relating to the Notes.

**"2.5-year Limitation Date"** has the meaning given to that term in the definition of "Limitation Date".

**"5-year Limitation Date"** has the meaning given to that term in the definition of "Limitation Date".

**"20-year Limitation Date"** has the meaning given to that term in the definition of "Limitation Date".

**"2005 Matrix Supplement"** means the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions as published by ISDA on 7th March 2005.

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

applicable Valuation Date. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**"Accreting Obligation"** means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (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 Amount Period"** means (a) in the case of a Note other than a Range Accrual Credit Linked Note referencing an Index, the period from and including (x) the Scheduled Maturity Date to but excluding (y) (i) the Repudiation/Moratorium Evaluation Date (where Product Condition 7(a)(2) applies), (ii) the Grace Period Extension Date (where Product Condition 8(a)(2) applies) or (iii) the Postponed Maturity Date (where Product Condition 9(a)(2) applies); and (b) in the case of a Range Accrual Credit Linked Note referencing an Index, the period from and including the first Interest Payment Date to occur following the relevant Credit Event Determination Date to but excluding the corresponding Calculation Date or Auction Final Price Determination Date, as applicable.

**"Additional Interest Amount"** means:

- (a) in respect of each Note other than a Range Accrual Credit Linked Note referencing an Index, an amount in the Settlement Currency equal to the product of:
  - (i) the Interest Calculation Amount;
  - (ii) the Average Overnight Rate in respect of the Additional Amount Period;  
and
  - (iii) the number of days in the Additional Amount Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Additional Amount Period is the 31st day of a month but the first day of the Additional Amount Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day

month or (ii) the last day of the Additional Amount Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

(b) in respect of each Range Accrual Credit Linked Note referencing an Index, an amount in the Settlement Currency equal to:

(i) in the event that the Calculation Date for any Final Price or Auction Final Price Determination Date for any Auction Final Price occurs prior to the first Interest Payment Date to occur following the Credit Event Determination Date corresponding to such Final Price or Auction Final Price, as applicable, an amount equal to the Interest Amount that would have been determined pursuant to Product Condition 3(c)(ii) for the period from and including such Credit Event Determination Date to but excluding such Calculation Date or Auction Final Price Determination Date, as applicable, had such Final Price or Auction Final Price, as applicable, been determined on such Credit Event Determination Date; or

(ii) in the event that the Calculation Date for any Final Price or Auction Final Price Determination Date for any Auction Final Price occurs after the first Interest Payment Date to occur following the Credit Event Determination Date or Auction Final Price Determination Date, as applicable, corresponding to such Final Price or Auction Final Price, as applicable, in which the related Event Determination Date occurs, an amount equal to the sum of:

(A) an amount equal to the Interest Amount that would have been determined pursuant to Product Condition 3(c)(ii) for the period from and including such Credit Event Determination Date to but excluding such Calculation Date or Auction Final Price Determination Date, as applicable, had such Final Price or Auction Final Price, as applicable, been determined on such Credit Event Determination Date; and

(B) an amount equal to the product of (I) the amount referred to in (A) immediately above, (II) the Average Overnight Rate in respect of the Additional Amount Period ending on such Calculation Date or Auction Final Price Determination Date, as applicable, multiplied

by (III) the number of days in such Additional Amount Period divided by (IV) 360.

**"Adjusted Index Spread"** means, on any day, an amount (expressed as a number of basis points per annum) equal to the sum of:

- (i) the Index Spread on that day; and
- (ii) the aggregate, for the Affected Reference Entities in respect of which the Conditions to Settlement have been satisfied and a Final Price or Auction Final Price has been determined on or prior to that day, of the applicable Loss Amount, for each such Reference Entity as of the date such Final Price or Auction Final Price, as applicable, was determined,

Provided That:

- (i) subject to item (ii) immediately below, if that day is not a Business Day, the applicable Adjusted Index Spread for that day will be the Adjusted Index Spread for the immediately preceding Business Day; and
- (ii) if that day is any day from and including the second to last Business Day of an Interest Period to and including the last day of such Interest Period, the applicable Adjusted Index Spread will be the Adjusted Index Spread for the Business Day immediately preceding the second to last Business Day of the Interest Period.

**"Adjusted Lower Barrier"** means, in respect of an Index Roll Date, an amount (expressed as a number of basis points per annum) equal to:

- (a) the Adjusted Lower Barrier set on the immediately preceding Index Roll Date or, in the case of the first Index Roll Date, the Initial Lower Barrier; multiplied by
- (b) the Index Roll Spread Adjustment on that Index Roll Date.

**"Adjusted Recovery Amount"** means, in respect of any Recovery Amount and on any day during the Recovery Amount Period, an amount equal to the product of:

- (a) either:
  - (i) if that day is the first day of the Recovery Amount Period, an amount equal to:
    - (A) the Recovery Amount; minus

- (B) the Aggregate Unwind Costs; or
  - (ii) otherwise, the Adjusted Recovery Amount on the immediately preceding day during the Recovery Amount Period; and
- (b) an amount equal to the sum of:
  - (i) 100%; and
  - (ii) the Overnight Rate on such day divided by 365.

**"Adjusted Upper Barrier"** means, in respect of an Index Roll Date, an amount (expressed as a number of basis points per annum) equal to:

- (a) the Adjusted Upper Barrier set on the immediately preceding Index Roll Date or, in the case of the first Index Roll Date, the Initial Upper Barrier; multiplied by
- (b) the Index Roll Spread Adjustment on that Index Roll Date.

**"Affected Reference Entity"** means either:

- (a) in the case of any Notes other than Nth to Default Basket Credit Linked Notes, a Reference Entity in respect of which a Credit Event has occurred and the Conditions to Settlement have been satisfied; or
- (b) in the case of Nth to Default Basket Credit Linked Notes, a Reference Entity in respect of which the nth Credit Event has occurred and the nth Relevant Conditions to Settlement Event has occurred (nth referring to the numerical value (e.g. 2nd, 3rd...) specified as such in the Final Terms).

**"Affiliate"** means, in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **"control"** means ownership of a majority of the voting power of an entity. The Royal Bank of Scotland plc shall be deemed to be an Affiliate of the Issuer.

**"Agent"** means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and, together, the **"Agents"** which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12.

**"Aggregate Loss Amount"** means, in the case of Tranching Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit Linked Notes, following the satisfaction of Conditions to Settlement in respect of any Affected Reference Entity, the aggregate of the Loss Amounts calculated on or prior to the date on which the Final Price or Auction Final Price, as applicable, for such Affected Reference Entity is determined, including the Loss Amount in respect of such Affected Reference Entity.

**"Aggregate Loss Percentage"** means, at any time on any day, an amount (expressed as a percentage) equal to the Aggregate Loss Amount at such time on such day divided by the Aggregate Nominal Amount on such day.

**"Aggregate Nominal Amount"** means, at any time in respect of a Series of Notes, the aggregate of the Nominal Amounts of all Notes of such Series outstanding at such time.

**"Aggregate Recovery Amount"** means, in the case of Tranching Basket Credit Linked Notes, following the satisfaction of the Conditions to Settlement in respect of any Affected Reference Entity, the aggregate of the Recovery Amounts calculated on or prior to the date on which the Final Price or Auction Final Price, as applicable, for such Affected Reference Entity is determined, including the Recovery Amount in respect of such Affected Reference Entity.

**"Aggregate Unwind Costs"** means (i) the amount (if any) specified as the Unwind Costs in the applicable Final Terms multiplied by a fraction the numerator of which is equal to the Aggregate Nominal Amount as of such day and the denominator of which is equal to the Nominal Amount or (ii), if "Standard Unwind Costs" are specified in the applicable Final Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, fees, charges, expenses (including loss of funding), taxes and duties incurred by the Issuer and/or any of its Affiliates in connection with payment of the relevant amount or the redemption of the Notes to which such Final Terms apply and the related termination, settlement or re-establishment of any hedge or related trading position.

**"Applicable Trigger Spread"** means, in the case of Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes or Leveraged Tranching Basket Credit Linked Notes, the relevant value specified as such and expressed in basis points in the applicable Final Terms.

**"Auction"** shall have the meaning as is set forth in the Transaction Auction Settlement Terms.

**"Auction Cancellation Date"** shall have the meaning as is set forth in the Transaction Auction Settlement Terms.

**"Auction Covered Transaction"** shall have the meaning as is set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Final Price"** means the price, if any, determined to be the Auction Final Price pursuant to the Credit Derivatives Auction Settlement Terms with respect to the relevant Reference Entity (expressed as a percentage).

**"Auction Final Price Determination Date"** means the day, if any, on which the Auction Final Price is determined pursuant to the Credit Derivatives Auction Settlement Terms with respect to the relevant Reference Entity or Obligation thereof.

**"Auction Settlement Date"** shall mean the date that is the number of Business Days as shall be specified in the Credit Derivatives Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the Auction Final Price Determination Date.

**"Average Overnight Rate"** means, in respect of the Additional Amount Period or a Recovery Amount Period, a rate (expressed as a percentage) calculated by the Calculation Agent equal to the average of the Overnight Rates for each day in the period from and including the first day of such Additional Amount Period or Recovery Amount Period to but excluding the second Business Day immediately preceding the day on which such Additional Amount Period or Recovery Amount Period ends but which is excluded from the Additional Amount Period or Recovery Amount Period.

**"Bankruptcy"** means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or

liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within (x) 30 calendar days of the institution or presentation thereof or (y) before the Maturity Date, whichever is earlier;

- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter or before the Maturity Date, whichever is earlier; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in paragraphs (a) to (g) (inclusive).

**"Best Available Information"** means:

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

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

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

**"Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in each Specified Business Centre specified for that purpose in the applicable Final Terms, and a day on which the Trans-European Automated Real-Time Gross-Settlement Express Transfer (TARGET2) System is open (a **"TARGET2 Day"**) if "TARGET2" or "TARGET2 Day" is specified in the applicable Final Terms.

**"Calculation Agent City Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City specified in the applicable Final Terms.

**"Calculation Date"** has the meaning given to it in Product Condition 6.

**"Cash Amount"** means an amount per Note determined by the Calculation Agent in accordance with the provisions specified for the determination of the Cash Amount in the description of the relevant Series in the applicable Final Terms, less Expenses.

The Cash Amount shall be rounded to the nearest two decimal places or nearest whole unit (in the case of Japanese yen) in the Settlement Currency, 0.005 being rounded downwards.

**"Certificate Balance"** means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment. **"Clearing Agent"** means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a **"Clearing Agent"** and together the **"Clearing Agents"**).

**"Conditionally Transferable Obligation"** means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any

Valuation Obligation other than Bonds, provided, however, that a Valuation Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor or insurer (if the Monoline Insurer Provisions are specified as applying in the applicable Final Terms), if any, of a Valuation Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity or insurer, as applicable, is guaranteeing or insuring such Valuation Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Valuation Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation" Provided That if Monoline Insurer Provisions are specified as applying in the applicable Final Terms and Conditionally Transferable Obligation is also specified as applying in the applicable Final Terms and the Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument.

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

**"Conditions"** has the meaning given to it in the first paragraph of the Product Conditions.

**"Conditions to Settlement"** means the requirements set out in each of (a) and (b), as applicable, below:

- (a) all of the Conditions to Settlement shall be deemed to be satisfied by the occurrence of a Credit Event Determination Date except where such Credit Event Determination Date is subsequently deemed not to have occurred prior to the Auction Final Price Determination Date, a Valuation Date, the Credit Event Redemption Date or the Maturity Date, as applicable; and
- (b) if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Condition to Settlement relating thereto is satisfied if either (i) the Calculation Agent delivers to the Issuer a Notice of Publicly Available

Information that is effective during one of the periods specified in paragraph (a) of the definition of Credit Event Determination Date or (ii) ISDA publicly announces on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event for purposes of the relevant Notes has occurred with respect to the specified Reference Entity or Obligation thereof.

**"Convertible Obligation"** means any obligation that is convertible, in whole or in part, into Equity Notes 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).

**"Coupon"** means an interest coupon attached to each Note (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount or a Credit Event Amount (in case of each Note on which such amount may become payable).

**"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](http://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"** and each a **"Credit Derivatives Determinations Committee"** means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://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 (the **"Rules"**).

**"Credit Event"** means the occurrence of any one or more of the Credit Events specified in the applicable Final Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, or any additional Credit Event specified in the applicable Final Terms, as determined 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, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor or Insured Obligor (if

Monoline Insurer Provisions are specified to apply in the applicable Final Terms) to enter into any Underlying Obligation or Insured Instruments (if Monoline Insurer Provisions are specified to apply in the applicable Final Terms);

- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation or Insured Instrument (if Monoline Insurer Provisions are specified to apply in the applicable Final Terms), however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Event Amount"** means:

- (i) in the case of Basket Credit Linked Notes to which Credit Payment on Maturity does not apply, following satisfaction of the Conditions to Settlement in respect of an Affected Reference Entity, the amount per Note specified as such in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent in accordance with the following formula:

(a)  $A \times B \times C$ ; minus

(b) D

where:

"A" is the Nominal Amount;

"B" is the Final Price or the Auction Final Price, as applicable, in respect of such Reference Entity;

"C" is the relevant Weighting; and

"D" is Unwind Costs;

- (ii) in the case of Tranche Basket Credit Linked Notes, following satisfaction of the Conditions to Settlement in respect of an Affected Reference Entity, the amount per

Note specified in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms:

- (a) if the relevant Aggregate Recovery Amount is greater than the Detachment Amount, an amount per Note calculated by the Calculation Agent which is equal to:
  - (i) the lesser of:
    - (A) the Recovery Amount in respect of such Affected Reference Entity;
    - (B) the Aggregate Recovery Amount (calculated taking into account the Recovery Amount for such Affected Reference Entity) minus the Detachment Amount (subject to a minimum of zero); and
    - (C) the Tranche Size (prior to any reduction thereto in respect of such Affected Reference Entity);multiplied by:
    - (ii) a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount at the relevant Credit Event Payment Date.minus
    - (iii) the Unwind Costs; or
  - (b) otherwise zero; and
- (iii) in the case of Basket Reverse Exposure Credit Linked Notes, following satisfaction of the Conditions to Settlement in respect of an Affected Reference Entity the amount per Note specified as such in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent equal to:
  - (a)  $A \times B \times (100\% - C) \times D$ ; plus
  - (b) E; minus
  - (c) F

where:

"A" is the Nominal Amount;

"B" is the Leverage Factor;

"C" is the Final Price or the Auction Final Price, as applicable, in respect of such Affected Reference Entity;

"D" is the relevant Weighting;

"E" is (i) the Investment Value as of the relevant Credit Event Determination Date multiplied by (ii) (x) the original number of Reference Entities divided by (y) the original number of Reference Entities minus the number of Affected Reference Entities in respect of which Conditions to Settlement have been satisfied up to and including the relevant Credit Event Determination Date multiplied by (iii) the relevant Weighting; and

"F" is Unwind Costs,

provided that in no event shall a Credit Event Amount be less than zero.

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

- (a) for purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in paragraph (ii) of the definition of Repudiation/Moratorium), as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date; 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 applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer during the Notice Delivery Period; and
  - (ii) in circumstances where:
    - (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraph (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules;
    - (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters; and

- (C) the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are 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 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, in respect of any Credit Event:

- (a) subject to subsection (b) below, if neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer during either:
  - (A) the Notice Delivery Period; or
  - (B) the period (I) 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 paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date (II) to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)); or
- (b) notwithstanding paragraph (a) above, if a DC Credit Event Announcement has occurred, either:
  - (i) the Credit Event Resolution Request Date, if
    - (A) either:
      - I. Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms; or
      - II. the relevant Credit Event is a Restructuring; and

- (B) the Credit Event Notice is delivered by the Calculation Agent to the Issuer on or prior to the date falling two Business Days after the Exercise Cut-off Date; or
- (ii) the first date on which the Credit Event Notice is delivered by the Calculation Agent to the Issuer during (I) the Notice Delivery Period or (II) the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
  - (A) Auction Settlement is not specified as the applicable Settlement Method in the applicable Final Terms; or
  - (B) Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms and the Credit Event Notice is delivered by the Calculation Agent to the Issuer on a date that is later than the date falling two Business Days after the relevant Exercise Cut-off Date,

provided that, in the case of paragraph (b) above, (1) this shall be subject to any adjustment in accordance with Product Condition 11 and (2) no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer (in respect of the specified Reference Entity) 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; and

provided further that 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, prior to the Auction Final Price Determination Date, a Valuation Date, the Credit Event Redemption Date or the Maturity Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the specified Reference Entity or Obligation thereof.

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior to one or more preceding Interest Payment Dates, the Calculation Agent will determine (1) such adjustment(s) to the Product Conditions

(including any adjustment to payment amounts) as may be required to achieve as far as practicable the same economic position of Noteholders as would have prevailed had a Credit Event Determination Date occurred on such deemed date of occurrence and (2) the effective date of such adjustment(s).

**"Credit Event Notice"** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after the Credit Backstop Date Time (determined by reference to the Relevant Time) and on or prior to the Extension Date (determined by reference to the Relevant Time).

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in General Condition 4.

**"Credit Event Payment Date"** means in relation to any Credit Event Amount the day falling the number of Business Days specified in the applicable Final Terms (or, if a number of Business Days is not so specified, three Business Days) following the calculation of the relevant Final Price or Auction Final Price, as applicable.

**"Credit Event Redemption Amount"** means:

(i) in the case of Credit Linked Notes, the amount per Note specified as such in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms, either:

(A) if Principal Protection is specified as "Not Applicable" in the applicable Final Terms, an amount per Note calculated by the Calculation Agent equal to:

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

where:

"A" is the Nominal Amount;

"B" is the Final Price or the Auction Final Price, as applicable; and

"C" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero; or

- (B) if Principal Protection is specified as "Applicable" in the applicable Final Terms, an amount per Note equal to the Nominal Amount;
- (ii) in the case of Basket Credit Linked Notes to which Credit Payment on Maturity applies, the amount per Note specified as such in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms, either:
- (A) if Principal Protection is specified as "Not Applicable" in the applicable Final Terms, an amount per Note calculated by the Calculation Agent equal to:
    - (1)  $A - B$ ; plus
    - (2)  $C$ ; plus
    - (3)  $D$ ; minus
    - (4)  $E$

where:

"A" is the Nominal Amount;

"B" is the aggregate of the amounts calculated in respect of each Affected Reference Entity for which Conditions to Settlement have been satisfied on or prior to the earlier of the Maturity Date and the Credit Event Redemption Date equal to:

$A \times F$ ;

"C" is the aggregate of the amounts calculated in respect of each Affected Reference Entity for which Conditions to Settlement have been satisfied on or prior to the earlier of the Maturity Date and the Credit Event Redemption Date equal to:

$A \times F \times G$ ;

"D" is the aggregate of the Recovery Interest Amounts in respect of each Affected Reference Entity for which Conditions to Settlement have been

satisfied and the Final Price or the Auction Final Price, as applicable, has been determined on or prior to the earlier of the Maturity Date and the Credit Event Redemption Date in each case determined as of such date;

"E" is Unwind Costs;

"F" is the relevant Weighting; and

"G" is the relevant Final Price or the Auction Final Price, as applicable, determined in accordance with the Conditions,

provided that in no event shall the Credit Event Redemption Amount be less than zero; or

(B) if Principal Protection is specified as "Applicable" in the applicable Final Terms, an amount per Note equal to the Nominal Amount;

(iii) in the case of Basket Credit Linked Notes to which Credit Payment on Maturity does not apply, the amount per Note specified as such in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent equal to:

(A)  $A - B$ ; minus

(B)  $D$ ,

where:

"A" is the Nominal Amount;

"B" is the aggregate of the amounts calculated in respect of each Affected Reference Entity for which Conditions to Settlement have been satisfied on or prior to the earlier of the Maturity Date and the Credit Event Redemption Date equal to:

$A \times C$ ;

"C" is the relevant Weighting; and

"D" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero;

- (iv) in the case of First to Default Basket Credit Linked Notes and Nth to Default Basket Credit Linked Notes, the amount per Note specified as such in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms, either:
  - (A) if Principal Protection is specified as "Not Applicable" in the applicable Final Terms, an amount per Note calculated by the Calculation Agent equal to:
    - (1) the Nominal Amount; minus
    - (2) the Loss Amount which, in the case of Nth to Default Basket Credit Linked Notes, shall be determined in respect of the Reference Entity in respect of which the Relevant Conditions to Settlement Event has occurred, multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date, minus
    - (3) Unwind Costs,provided that in no event shall the Credit Event Redemption Amount be less than zero; or
  - (B) if Principal Protection is specified as "Applicable" in the applicable Final Terms, an amount per Note equal to the Nominal Amount;
- (v) in the case of Leveraged Credit Linked Notes or Leveraged Basket Credit Linked Notes, the amount per Note specified as such in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms, either:
  - (A) if Principal Protection is specified as "Not Applicable" in the applicable Final Terms, an amount per Note calculated by the Calculation Agent equal to:
    - (1) the Note Market Value calculated on the day of determination of the Final Price or the Auction Final Price, as applicable, for the specified Reference Entity (in respect of Leveraged Credit Linked Notes) or the Reference Entity (in respect of Leveraged Basket Credit Linked Notes) the Credit Event and satisfaction of the Conditions to Settlement in respect of which has resulted in the redemption of Notes; minus

(2) the Loss Amount multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date,

provided that in no event shall the Credit Event Redemption Amount be less than zero; or

(B) if Principal Protection is specified as "Applicable" in the applicable Final Terms, an amount per Note equal to the Nominal Amount;

(vi) in the case of Tranche Basket Credit Linked Notes, the amount per Note specified as such in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms, either:

(A) if Principal Protection is specified as "Not Applicable" in the applicable Final Terms, an amount per Note calculated by the Calculation Agent equal to:

(1) A - B; minus

(2) C,

where

"A" is the Nominal Amount;

"B" is the sum of the Tranche Reduction Amounts multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the date of redemption of the Notes; and

"C" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero; or

(B) if Principal Protection is specified as "Applicable" in the applicable Final Terms, an amount per Note equal to:

(1) the Nominal Amount; minus

- (2) the sum of all Credit Event Amounts paid in respect of and during the life of the Note;
- (vii) in the case of Leveraged Tranched Basket Credit Linked Notes, the amount per Note specified as such in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms, either:
  - (A) if Principal Protection is specified as "Not Applicable" in the applicable Final Terms, an amount per Note calculated by the Calculation Agent equal to:
    - (1) the Note Market Value calculated on the day of determination of the Final Price or the Auction Final Price, as applicable, for the specified Reference Entity the Credit Event and satisfaction of the Conditions to Settlement in respect of which has resulted in the redemption of Notes; minus
    - (2) the product of:
      - (I) the Tranche Reduction Amount multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date; and
      - (II) the Leverage Factor,
  - without duplication and provided that in no event shall the Credit Event Redemption Amount be less than zero; or
  - (B) if Principal Protection is specified as "Applicable" in the applicable Final Terms, an amount per Note equal to the Nominal Amount;
- (viii) in the case of Zero Coupon Equity Tranche Credit Linked Notes, the amount per Note specified as such in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms, either:
  - (A) if Principal Protection is specified as "Not Applicable" in the applicable Final Terms, an amount per Note calculated by the Calculation Agent equal to:

(1)  $B \times (A - C)$ ; minus

(2) D

where:

"A" is the Nominal Amount;

"B" is the Scheduled Repayment Percentage;

"C" is the sum of the aggregate of all Tranche Reduction Amounts determined on or prior to the Scheduled Maturity Date multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount immediately prior to the Maturity Date; and

"D" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero; or

(B) if Principal Protection is specified as "Applicable" in the applicable Final Terms, an amount per Note equal to the greater of:

(I) the amount calculated in (A) above; and

(II) an amount per Note equal to the Nominal Amount; and

(ix) in the case of Reverse Exposure Credit Linked Notes, the amount per Note specified as such in the applicable Final Terms, or if no such amount is specified in the applicable Final Terms, an amount per Note calculated by the Calculation Agent equal to:

(A)  $A + B$ ; plus

(B) the greater of:

(I) zero; and

(II)  $C \times D \times (100\% - E)$ ; minus

(C) F,

where:

"A" is the Zero Coupon Bond Amount as of the second Business Day preceding the Credit Event Redemption Date;

"B" is the Investment Value as of the relevant Credit Event Determination Date;

"C" the Nominal Amount;

"D" is the Leverage Factor;

"E" is the Final Price or the Auction Final Price, as applicable; and

"F" is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

**"Credit Event Redemption Date"** means either:

- (i) the day falling the number of Business Days specified in the applicable Final Terms (or, if a number of Business Days is not so specified, three Business Days) following the calculation of the Final Price or the Auction Final Price, as applicable for (i) the specified Reference Entity (in respect of Credit Linked Notes, Leveraged Credit Linked Notes and Reverse Exposure Credit Linked Notes) or (ii) the Reference Entity (in respect of Basket Credit Linked Notes to which Credit Payment on Maturity does apply, Leveraged Basket Credit Linked Notes, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Tranched Basket Credit Linked Notes, Leveraged Tranched Basket Credit Linked Notes) satisfaction of the Conditions to Settlement in respect of which has resulted in the redemption of the Notes; or
- (ii) where Principal Protection is specified as "Applicable" in the applicable Final Terms in relation to Credit Linked Notes, Basket Credit Linked Notes to which Credit Payment on Maturity does not apply, First to Default Basket Credit Linked Notes, Nth to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranched Basket Credit Linked Notes, Leveraged Tranched Basket Credit Linked Notes and Zero Coupon Equity Tranche Credit Linked Notes, and if so specified in the applicable Final Terms, the Final Credit Event Redemption Date.

**"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 specified 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 paragraphs (a) and (b) above.

*As at the date hereof, the Rules provide that each "Eligible Market Participant" (being each party which is a party to a credit derivatives transaction that has, or has been deemed to have incorporated the March 2009 Supplement or the July 2009 Supplement in a confirmation) is permitted to deliver such a notice to ISDA pursuant to the Rules.*

**"Deliverable Obligation Terms"** has the meaning as shall be set forth in the Credit Derivatives Auction Settlement Terms.

**"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 (b) such event occurred on or after the Credit Event Backstop Date (determined by reference to the Relevant Time) and on or prior to the Extension Date (determined by reference to the Relevant Time). A DC Credit Event Announcement will be deemed not to have occurred unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

**"DC Cut-off Date"** has the meaning given to that term in Product Condition 12.

**"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 Resolution"** has the meaning set out in the Rules.

**"Default Requirement"** means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, USD10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

**"Detachment Amount"** means, in the case of Tranching Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit Linked Notes, the amount specified as such in the applicable Final Terms.

**"Detachment Point"** means, in the case of Tranching Basket Credit Linked Note, Leveraged Tranching Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit Linked Notes, the percentage specified as such in the applicable Final Terms.

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

**"Downstream Affiliate"** means (A) an entity, at the date of the event giving rise to the Credit Event which is the subject of the Credit Event Notice, the date of selection of the relevant Valuation Obligation or the time of identification of a Substitute Reference Obligation (as applicable), whose outstanding Voting Shares are more than 50 per cent., owned, directly or indirectly, by the Reference Entity. "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 or (B) where Qualifying Guarantee Provisions are specified as applying in the applicable Final Terms, 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, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (*Interpretation of Provisions*) in the definition of Valuation Obligation, the amount that is due and payable under (and in accordance with the terms of) a Valuation Obligation on the date of selection of the relevant Valuation Obligation, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

**"DV01"** means on any day in respect of an Index, the absolute increase in the mark-to-market value, or decrease in the mark-to-market cost, to the Issuer of a one basis point increase in the mid-market rate on that day for a credit default swap documented using Markit's standard terms, with a tenor matching the Time to Maturity of the Notes, as available at <http://www.markit.com> (or any successor address or website), incorporating the ISDA Matrix and referencing such Index.

**"Eligible Dealer"** means (i) in respect of a type of swap, any dealer active in the markets in which that type of swap is traded and (ii) in respect of any Index, any dealer active in the markets in which such Index is traded, in each case as selected by the Calculation Agent. For the avoidance of doubt, the Issuer and any of its Affiliates may be an Eligible Dealer.

**"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 USD500 million;

- (b) an Affiliate of an entity specified in the preceding sub-paragraph (a);

- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least USD100 million or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD100 million; or
  - (ii) that has total assets of at least USD500 million; or
  - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keep well, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(ii) or (d); and
- (d) a Sovereign, Sovereign Agency or Supranational Organisation.

All references in this definition to USD include equivalent amounts in other currencies.

**"Enabling Obligation"** means an outstanding Valuation 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 Maturity Date and following the Limitation Date immediately preceding the Scheduled Maturity Date (or, in circumstances where the Scheduled Maturity Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

**"Equity Securities"** means:

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

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

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

**"Expenses"** means, in respect of a Note, all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with any payment or delivery due from time to time or on redemption, in respect of such Note.

**"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, such Restructuring has occurred and neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms), either:

(i) the Relevant City Business Day prior to the Auction Final Price Determination Date, 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 as applicable in the applicable Final Terms and:

- (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is ten 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; or
- (ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date.

**"Extension Date"** means the latest of:

- (a) the Scheduled Maturity Date;
- (b) the Grace Period Extension Date if (i) "Grace Period Extension" is specified as applying 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 the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Date (determined by reference to the Relevant Time), and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time); and
- (c) the Repudiation/Moratorium Evaluation Date if (i) "Repudiation Moratorium" is specified as a Credit Event 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 the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Maturity Date (determined by reference to the Relevant Time), (iii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time) and (iv) the Repudiation/Moratorium Extension Condition is satisfied.

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

**"Fallback Settlement Method"** means, with respect to any Notes for which Auction Settlement is specified as the Settlement Method in the applicable Final Terms, Cash Settlement in accordance with Product Condition 5.

**"Final Credit Event Redemption Date"** means the latest of (a) the Scheduled Maturity Date and (b) the first to occur of (i) the Postponed Maturity Date (if any), (ii) the due date for redemption pursuant to Product Condition 6(a)(1) or 7(a)(1), if applicable and (iii) the day falling the number of Business Days specified in the Final Terms following the calculation of the Final Price or the Auction Final Price, as applicable, in respect of the relevant specified Reference Entity.

**"Final List"** has the meaning set out in the Rules.

**"Final Price"** means the price of the relevant Reference Obligation or, if Valuation Obligations are specified as applying in the applicable Final Terms, a Valuation Obligation, expressed as a percentage or, in the case of a Reference Entity included in an Index referenced by a Range Accrual Credit Linked Note, the average of the prices of various obligations of such Reference Entity or such other calculation as is applicable to such Index, determined in accordance with the Valuation Method specified in the applicable Final Terms or, where applicable, Product Condition 11. The Calculation Agent shall, as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Holders at the specified office of the Principal Agent (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

**"Final Terms"** means the document described as such containing the specific terms relating to the Notes.

**"Fixed Rate Determination Methodology"** means, with respect to a credit default swap on any day, the fixed rate will be determined on the basis of the fixed rate published by Markit on [www.markit.com](http://www.markit.com) (or any successor website or address) in respect of that credit default swap on that day. If the relevant fixed rate is not published by Markit in respect of that credit default swap on that day or if the Calculation Agent determines that the fixed rate(s) published by Markit is incorrect or out of date, then the relevant fixed rate will be determined on the basis of the average of quotations obtained by the Calculation Agent from three Eligible Dealers or, if quotations from three Eligible Dealers are not available, the average of quotations obtained by the Calculation Agent from two Eligible Dealers. If quotations from at least two Eligible Dealers are not available, the relevant fixed rate shall

be determined by the Calculation Agent by reference to such source(s) as it determines appropriate.

**"Full Quotation"** means, in respect of a Reference Obligation or, if Valuation Obligations are specified as applying in the applicable Final Terms, a Valuation Obligation, in accordance with the Quotation Method, each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation or, if applicable, the Valuation Obligation with an Outstanding Principal Balance equal to the Quotation Amount.

**"Fully Transferable Obligation"** means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Valuation Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Fully Transferable Obligation". For purposes of determining whether a Valuation Obligation satisfies the requirements of this definition of "Fully Transferable Obligation", such determination shall be made as of the date of selection of the relevant Valuation Obligation, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents which have been obtained by the Issuer or the Calculation Agent. Provided That if Monoline Insurer Provisions are specified as applying in the applicable Final Terms and Fully Transferable Obligation is also specified as applying in the applicable Final Terms and the Fully Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument.

**"Global Note"** has the meaning given to it in Product Condition 2.

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

**"Grace Period"** means:

- (a) subject to 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 as applying in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time) and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as the Grace Period in the applicable Final Terms or, if no period is specified in the applicable Final Terms, 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 applying in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

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

**"Grace Period Extension Date"** means, if:

- (a) Grace Period Extension is specified as applying in the applicable Final Terms; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time),

the day falling five Business Days following the day falling the number of days in the Grace Period after the date of such Potential Failure to Pay.

**"Holder"** has the meaning given to it in Product Condition 2.

**"Index"** means the index (if any) specified in the applicable Final Terms.

**"Index Adjustment Event"** means one or more of the following events:

- (a) a modification to the Index which does not constitute an Index Disruption Event;
- (b) a failure to announce the Index by the relevant index sponsor where the Calculation Agent is able to identify a successor index sponsor acceptable to it;
- (c) a cancellation or replacement of the Index where the Calculation Agent is able to identify a successor index or a replacement index which, in either case, uses a substantially similar formula and method of computation as the Index; or
- (d) prevailing market conditions (including, without limitation, the liquidity of any relevant markets) prevent credit default swaps being entered into on commercially reasonable terms (including, without limitation, with regard to price), or it becomes impossible or undesirable for any other reason outside the control of the Calculation Agent to enter into or terminate credit default swaps referencing the Index or any of the sub-indices of the Index, for a period of less than 8 consecutive Business Days,

Provided That a modification to the Index solely as a result of the roll of the applicable Index to a new series on an Index Roll Date shall not constitute an Index Adjustment Event.

**"Index Disruption Event"** means one or more of the following events:

- (a) a material modification to the Index (including, without limitation, to the formula or method of computation);
- (b) a failure to announce the Index by the relevant index sponsor where the Calculation Agent is unable to identify a successor index sponsor acceptable to the Calculation Agent;
- (c) a cancellation or replacement of the Index where the Calculation Agent is unable to identify a successor index or a replacement index which, in either case, uses a substantially similar formula and method of computation as the Index; or
- (d) prevailing market conditions (including, without limitation, the liquidity of any relevant markets) prevent credit default swaps being entered into on commercially reasonable terms (including, without limitation, with regard to price), or it becomes impossible or undesirable for any other reason outside the control of the Calculation Agent to enter into or terminate credit default swaps referencing the Index or any of the sub-indices of the Index, for a period of at least 8 consecutive Business Days,

Provided That a modification to the Index solely as a result of the roll of the applicable Index to a new series on an Index Roll Date or a change in version of the applicable Index shall not constitute an Index Disruption Event.

**"Index Roll Date"** means each Business Day following the Issue Date on which the applicable Index rolls to a new series so that the On-The-Run Index on that day is a different series of such Index to the series which constituted the On-The-Run Index on the immediately preceding day, and shall not include a day on which there is a change in version, and not a change in series, of the applicable Index, Provided That solely for the purposes of determining any Additional Interest Amount in respect of a Range Accrual Credit Linked Note referencing an Index, if on any such Business Day (i) a Credit Event Determination Date has occurred in respect of any specified Reference Entity included in the series of the Index which constituted the On-The-Run Index on the immediately preceding day and (ii) no Final Price or Auction Final Price corresponding to such Reference Entity has been determined, the Index Roll Date shall be postponed until the day on which such Final Price or Auction Final Price is determined.

**"Index Roll Spread Adjustment"** means, in respect of an Index Roll Date, an amount (expressed as a number of basis points) equal to:

- (a) the Adjusted Index Spread on that Index Roll Date; divided by
- (b) the Pre-Roll Index Spread on that Index Roll Date.

**"Index Spread"** means, on any day, an amount (expressed as a number of basis points per annum) equal to the closing mid-market level of the applicable On-The-Run Index published by Markit on <http://www.markit.com> (or any successor address or website). If such a level is not published by Markit in respect of that Index on that day or if the Calculation Agent determines such level published by Markit to be out of date or materially incorrect, then the level will be the average of quotations obtained for such level by the Calculation Agent from three Eligible Dealers or, if quotations from three Eligible Dealers are not available, the average of quotations obtained by the Calculation Agent from two Eligible Dealers. If quotations from at least two Eligible Dealers are not available, then the level of such Index will be determined by the Calculation Agent in its sole discretion.

**"Initial Lower Barrier"** means, in the case of the Range Accrual Credit Linked Notes, the amount (expressed as a number of basis points) specified as such in the applicable Final Terms.

**"Initial Upper Barrier"** means, in the case of the Range Accrual Credit Linked Notes, the amount (expressed as a number of basis points) specified as such in the applicable Final Terms.

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

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

**"Interest Amount"** means:

- (a) other than in the case of Range Accrual Credit Linked Notes, in respect of each Interest Period, an amount per Note in the Settlement Currency calculated by the Calculation Agent as the product of:
  - (i) the Interest Calculation Amount;
  - (ii) the Interest Rate; and

- (iii) the Interest Rate Day Count Fraction; and
- (b) in respect of Range Accrual Credit Linked Notes, the relevant amount determined pursuant to Product Condition 3(c)(ii),

in each case with the resulting amount rounded down to the nearest 0.01 or nearest whole unit (in the case of Japanese yen) in the Settlement Currency with 0.005 or 0.5 being rounded downwards.

**"Interest Calculation Amount"** means (1) in the case of Credit Linked Notes, First to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Leveraged Tranche Basket Credit Linked Notes and Range Accrual Credit Linked Notes and any Interest Period or Additional Amount Period, the Nominal Amount; (2) in the case of Basket Credit Linked Notes and any Interest Period or Additional Amount Period (a) the Nominal Amount minus (b) the sum of the aggregate of all amounts calculated in respect of each Reference Entity for which Conditions to Settlement have been satisfied on or prior to the last day of the relevant Interest Period or Additional Amount Period equal to the product of (i) the Nominal Amount and (ii) the relevant Weighting (expressed as a percentage); and (3) in the case of Tranche Basket Credit Linked Notes and any Interest Period or Additional Amount Period (a) the Nominal Amount minus (b) the sum of the aggregate of all Tranche Reduction Amounts and all Credit Event Amounts in each case in respect of each Reference Entity for which Conditions to Settlement have been satisfied and the Final Price or the Auction Final Price, as applicable, is determined on or prior to the last date of the relevant Interest Period or Additional Amount Period, such sum multiplied by a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount as of the day on which the relevant Interest Amount or Additional Interest Amount is determined (determined as though a Credit Event Amount had then been determined in respect thereof, whether or not this is the case).

**"Interest Payment Dates"** means, if applicable, the dates specified as such in the description of the relevant Series in the applicable Final Terms and **"Interest Payment Date"** means each one of them.

**"Interest Period"** means the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or, if earlier, the relevant day for redemption or early redemption of the Notes.

**"Interest Rate"** means, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the description of the relevant Series in the applicable Final Terms.

**"Interest Rate Day Count Fraction"** means the Interest Rate Day Count Fraction specified in the applicable Final Terms.

**"Interest Spread Fraction"** means, in respect of an Interest Period:

- (a) the number of days in such Interest Period on which the Relevant Spread is (i) less than the Upper Barrier and (ii) greater than or equal to the Lower Barrier; divided by
- (b) the actual number of days in the Interest Period.

**"Investment"** means, as of any relevant day, a series of notional payments in the Settlement Currency (each an **"Investment Amount"**) in the amounts and with the relevant due dates corresponding to the Fixed Amounts which would fall due following such day under an interest rate swap forming a Transaction incorporating the 2006 ISDA Definitions, as published by ISDA and as amended and supplemented from time to time as at the Issue Date (the **"ISDA Definitions"**) where the relevant Fixed Rate is equal to the Investment Value Fixed Rate specified in the description of the relevant Series in the applicable Final Terms, the Calculation Amount is equal to the relevant Nominal Amount, the Fixed Rate Payer Payment Dates fall on the Investment Value Fixed Rate Payer Payment Dates (in each case subject to adjustment in accordance with the Following Business Day Convention) as specified in the description of the relevant Series in the applicable Final Terms in each year in the period from (but excluding) the Issue Date up to (and including) the Scheduled Maturity Date, subject as provided in the definition of Investment Value. As used in this definition, each of the terms Fixed Amount, Transaction, Fixed Rate, Fixed Rate Payer Payment Date, Following Business Day Convention and Calculation Amount have the meaning given in the ISDA Definitions.

**"Investment Value"** means:

- (a) in relation to any Credit Event Determination Date other than as specified in (b) below, the sum of the present values as of such date (expressed as an amount in the Settlement Currency) of the Investment Amounts falling due after such day as calculated by the Calculation Agent by reference to the then-current swap rate determined from the relevant Swap Curve Rate and on the basis that the Credit Event Determination Date is an additional Fixed Rate Payer Payment Date for the purposes of "Investment" above; or

- (b) in relation to any Credit Event Determination Date falling on or after the Scheduled Maturity Date, zero.

For the purposes of determining the Investment Value the obligor in relation to each Investment Amount shall be deemed to be a bank with a long term credit rating equivalent to the long term credit rating of ABN AMRO Bank N.V. on such relevant day by Standard & Poors Rating Services, a division of The McGraw – Hill Companies Inc. or any other internationally recognised credit rating agency as determined by the Calculation Agent; and the Calculation Agent shall make calculations to determine the Investment Value in relation to any relevant day as required herein, provided that if, for any reason (including, without limitation, a systems failure or similar circumstances) it is not reasonably practicable to calculate the Investment Value in accordance with these provisions as of any relevant day the Calculation Agent shall adjust the procedures herein as it determines appropriate in order to determine the Investment Value in relation to such relevant day.

**"ISDA"** means the International Swaps and Derivatives Association, Inc.

**"ISDA Matrix"** means the current version as of the Issue Date of the Credit Derivatives Physical Settlement Matrix, as published by ISDA.

**"Issue Date"** means the date specified as such in the applicable Final Terms.

**"Issuer"** means ABN AMRO Bank N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms.

**"Latest Maturity Restructuring Bond or Loan"** has the meaning given to that term in the definition of "Restructuring Maturity Limitation Date".

**"Limitation Date"** means the first of 20th March, 20th June, 20th September or 20th 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 it is specified in the applicable Final Terms that Limitation Dates will be adjusted in accordance with a specified Business Day Convention.

**"Leverage Factor"** means, in the case of Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes, Reverse Exposure

Credit Linked Notes and Basket Reverse Exposure Credit Linked Notes the multiplier specified as such in the applicable Final Terms or, if no such value is specified, 100 per cent.

**"Loss Amount"** means:

- (i) in the case of Tranched Basket Credit Linked Notes and Zero Coupon Equity Tranche Credit Linked Notes, following the satisfaction of the Conditions to Settlement in respect of an Affected Reference Entity, an amount calculated by the Calculation Agent equal to the product of:
  - (A) is the Portfolio Size;
  - (B) is 100 per cent. minus the Final Price or the Auction Final Price, as applicable, in respect of the Affected Reference Entity in respect of which the Conditions to Settlement have been satisfied; and
  - (C) is the relevant Weighting;
- (ii) in the case of Range Accrual Credit Linked Notes referencing an Index, on any relevant day and in respect of an Affected Reference Entity, an amount (expressed as a number of basis points per annum) equal to:
  - (A) the Final Price or the an Auction Final Price, as applicable, applicable to such Affected Reference Entity on that day; divided by
  - (B) the DV01 for such Index on that day;
- (iii) in the case of First to Default Basket Credit Linked Notes and Nth to Default Basket Credit Linked Notes, an amount calculated by the Calculation Agent equal to the product of:
  - (A) the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date; and
  - (B) 100 per cent. minus the Final Price or the Auction Final Price, as applicable, of the Affected Reference Entity in respect of which Conditions to Settlement have been satisfied;
- (iv) in the case of Leveraged Credit Linked Notes, an amount calculated by the Calculation Agent equal to the product of:

- (A) the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date;
  - (B) 100 per cent. minus the Final Price or the Auction Final Price, as applicable, of the Affected Reference Entity in respect of which Conditions to Settlement have been satisfied; and
  - (C) the Leverage Factor;
- (v) in the case of Leveraged Basket Credit Linked Notes, an amount calculated by the Calculation Agent equal to the product of:
- (A) the Aggregate Nominal Amount immediately prior to the Credit Event Redemption Date;
  - (B) 100 per cent. minus the Final Price or the an Auction Final Price, as applicable, of the Affected Reference Entity in respect of which Conditions to Settlement have been satisfied;
  - (C) the relevant Weighting; and
  - (D) the Leverage Factor; and
- (vi) in the case of Leveraged Tranching Basket Credit Linked Notes, an amount calculated by the Calculation Agent equal to the product of:
- (A) the Portfolio Size;
  - (B) 100 per cent. minus the Final Price or the Auction Final Price, as applicable, of the Affected Reference Entity in respect of which Conditions to Settlement have been satisfied;
  - (C) the relevant Weighting; and
  - (D) the Leverage Factor.

**"Loss Trigger Event"** means, in the case of Leveraged Tranching Basket Credit Linked Notes, at any time on any day, a determination by the Calculation Agent that the Aggregate Loss Percentage is equal to or greater than the relevant Maximum Aggregate Loss Percentage at such time and, in such case, a Loss Trigger Event shall be deemed to have occurred as of such day.

**"Lower Barrier"** means:

- (a) in the case of Range Accrual Credit Linked Notes referencing an Index:
  - (i) on any day prior to the first Index Roll Date, the Initial Lower Barrier; and
  - (ii) on any day from and including the first Index Roll Date, the Adjusted Lower Barrier set on the immediately preceding Index Roll Date unless such day is an Index Roll Date, in which case the Lower Barrier will be the Adjusted Lower Barrier set on that day; and
- (b) in the case of all other Range Accrual Credit Linked Notes, on any day, the Initial Lower Barrier,

Provided That:

- (A) if any day is not a Business Day, the applicable Lower Barrier will be the Lower Barrier for the immediately preceding Business Day; and
- (B) if any day is either the final or the second to last Business Day of an Interest Period, the applicable Lower Barrier will be the Lower Barrier for the Business Day immediately preceding the second to last Business Day of the Interest Period.

**"Market Value"** means, with respect to a Reference Obligation or, if applicable, a Valuation 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 value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;

- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if neither (i) two or more Full Quotations nor (ii) a Weighted Average Quotation is obtained on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation 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 or, if applicable, the Valuation Obligation obtained from Quotation 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.

**"Markit"** means Markit Group Limited or any successor acceptable to the Calculation Agent.

**"Maturity Date"** means the date specified as such in the description of the relevant Series in the applicable Final Terms, subject as provided in the Product Conditions.

**"Maximum Aggregate Loss Percentage"** means, on any day, the percentage value specified as such in the Maximum Aggregate Loss Percentage Matrix by reference to the Time to Maturity as of such day.

**"Maximum Aggregate Loss Percentage Matrix"** means the table specified as such in the applicable Final Terms.

**"Maximum Loss Amount"** means, in the case of Tranching Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit Linked Notes, the amount (which shall be equal to the product of (i) the Portfolio Size and (ii) the Detachment Point) specified as such in the applicable Final Terms.

**"Merger Event"** means that at any time during the period from (and including) the Trade Date to (but excluding) the Maturity Date the Issuer or a Reference Entity (any such entity, the **"Mergor"**) consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to (a) where the Mergor is the Issuer, a Reference Entity or (b) where the Mergor is a Reference Entity, the Issuer or the Issuer and a Reference Entity become Affiliates.

**"Minimum Quotation Amount"** means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

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

**"Modified Restructuring Maturity Limitation Date"** means, with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date falls after the 2.5-year Limitation Date, at least one Enabling Obligation exists. Where "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms and the Scheduled Maturity 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 Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) after 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 Maturity Date is after (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 Maturity Date.

**"Monoline Insurer Provisions"** means the Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity (2003), as at the Issue Date, as published by ISDA and as amended and supplemented from time to time.

**"Movement Option"** means, where 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 where a No Auction Announcement Date described in paragraph (b) of the definition of No Auction Announcement Date has occurred, the option of the Issuer to apply to the Notes, for purposes of determining the Final Price, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Valuation Obligations are more limited than the Valuation Obligations that could be selected by the Calculation Agent (provided that if more than one such set of Parallel Auction Settlement

Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Valuation shall apply). If no Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, the Final Price will be determined in accordance with the Fallback Settlement Method. If a Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, such event will be notified to Noteholders in accordance with General Condition 4.

**"Movement Option Cut-off Date"** means the date that is six Relevant City Business Days following the Exercise Cut-off Date.

**"No Auction Announcement Date"** means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of a Restructuring where 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 only, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

**"Nominal Amount"** means the amount specified as such, in respect of each Note in the description of the relevant Series in the applicable Final Terms.

**"Notes"** means each Series of the notes specified in the applicable Final Terms and each such note a "Note". References to the terms "Notes" and "Note" shall be construed severally with respect to each Series specified in the applicable Final Terms.

**"Note Market Value"** means, in respect of any day, the amount per Note that would be realised by the Issuer unwinding the Notionally Embedded Note Components in respect of the applicable Notes (on the assumption that the Issuer holds or has entered into, as applicable, all such components), as determined by the Calculation Agent, on the basis of (in respect of each Notionally Embedded Note Component that is a swap transaction) the Unwind Determination Methodology.

**"Notice Delivery Period"** means the period from and including the Trade Date to and including the date that is fourteen calendar days after the Extension Date.

**"Notice of Publicly Available Information"** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that

cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the applicable Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Product Condition 14.

**"Notice to Exercise Movement Option"** means, where (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 the Auction Settlement provisions, a notice from the Issuer to the Calculation Agent that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

**"Notionally Embedded Note Components"** means, on any day, each of the following (as applicable):

- (a) if the Notes are specified to be "Leveraged Tranched Basket Credit Linked Notes" in the applicable Final Terms, a Standard Credit Default Swap:
  - (i) under which the Issuer has sold credit protection in respect of the relevant tranche of the specified basket of Reference Entities or Index for a term matching the Time to Maturity of the Notes;
  - (ii) with a floating rate payer calculation amount for each specified Reference Entity equal to the Portfolio Size as of such day multiplied by the Leverage Factor (if any) multiplied by the relevant Weighting;
  - (iii) with a fixed rate determined by the Calculation Agent equal to the difference between the deposit rate referred to in paragraph (d) below and, if

the Notes are specified to pay a floating rate of interest, the Interest Rate or, if the Notes are specified to pay a fixed rate of interest, the floating rate referred to in paragraph (e) below; and

- (iv) where all Credit Events in respect of which the Conditions to Settlement have been satisfied are deemed to have been settled and any settlement amounts in respect thereof paid in full;
- (b) if the Notes are specified to be "Leveraged Basket Credit Linked Notes" referencing an Index, a Standard Credit Default Swap:
- (i) under which the Issuer has sold credit protection in respect of the relevant Index for a term matching the Time to Maturity of the Notes;
  - (ii) with a floating rate payer calculation amount for each specified Reference Entity equal to the Aggregate Nominal Amount as of such day multiplied by the Leverage Factor multiplied by the relevant Weighting;
  - (iii) with a fixed rate determined by the Calculation Agent by reference to the difference between the deposit rate referred to in paragraph (d) below and, if the Notes are specified to pay a floating rate of interest, the Interest Rate and, if the Notes are specified to pay a fixed rate of interest, the floating rate referred to in paragraph (e) below; and
  - (iv) where any Credit Event in respect of which the Conditions to Settlement have been satisfied is deemed to have been settled and any settlement amounts in respect thereof paid in full;
- (c) if the Notes are specified in the applicable Final Terms to be (A) "Leveraged Basket Credit Linked Notes" that do not reference an Index, Standard Credit Default Swaps in respect of each specified Reference Entity for which the Conditions to Settlement have not been satisfied on or prior to such day or (B) "Leveraged Credit Linked Notes", a Standard Credit Default Swap in respect of the specified Reference Entity for which the Conditions to Settlement have not been satisfied on or prior to such day:
- (i) under which the Issuer has sold credit protection on the specified Reference Entity for a term matching the Time to the Maturity of the Notes;

- (ii) in each case with a floating rate payer calculation amount equal to the Aggregate Nominal Amount as of such day multiplied by the Leverage Factor multiplied by the relevant Weighting; and
  - (iii) with a fixed rate determined by the Calculation Agent by reference to the difference between the deposit rate referred to in paragraph (d) below and, if the Notes are specified to pay a floating rate of interest, the Interest Rate applicable at such time to the Notes and, if the Notes are specified to pay a fixed rate of interest, the floating rate referred to in paragraph (e) below;
- (d) in the case of any Note (A) in relation to any relevant day falling on or after the Scheduled Maturity Date, an immediately realisable deposit in an amount equal to the then Aggregate Nominal Amount and (B) in relation to any other relevant day, a term deposit in an amount equal to the then Aggregate Nominal Amount for a term matching the Time to Maturity of the Notes as of such day and with a deposit rate determined by the Calculation Agent by reference to its internal funding rate for such deposits; and
- (e) if the Notes are specified to pay a fixed rate of interest in the applicable Final Terms, a fixed-for-floating interest rate swap on standard market terms as of such day under which the Issuer receives amounts equal to the aggregate of the Interest Amounts payable under the Notes on each Interest Payment Date and pays floating amounts determined on the basis of a notional amount equal to the Aggregate Nominal Amount at such time and the relevant floating rate published by Bloomberg or Reuters for a term matching the Time to Maturity of the Notes as of such day, Provided That if neither Bloomberg nor Reuters publishes such floating rate on that day or if the Calculation Agent determines that such floating rates published by both Bloomberg and Reuters are incorrect or out of date, then the applicable floating rate will be the average of quotations obtained for such floating rate by the Calculation Agent from three Eligible Dealers or, if quotations from three Eligible Dealers are not available, the average of quotations obtained by the Calculation Agent from two Eligible Dealers. If quotations from at least two Eligible Dealers are not available, then the floating rate will be determined by the Calculation Agent in its sole discretion.

**"Obligation"** means:

- (a) any obligation of a Reference Entity (either directly, as a provider of a Qualifying Affiliate Guarantee, or Qualifying Policy (if Monoline Insurer Provisions are

specified as applying in the applicable Final Terms) or, if "All Guarantees" is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below (but excluding any Excluded Obligation);

- (b) each Reference Obligation specified in the applicable Final Terms, unless specified as an Excluded Obligation; and
- (c) any Additional Obligation of a Reference Entity specified as such in the applicable Final Terms.

*Method for Determining Obligations.* For the purposes of paragraph (a) of this definition of "Obligation", the term "Obligation" may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Final Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (A) **"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, where:
  - (1) **"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (2) **"Borrowed Money"** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (3) **"Reference Obligations Only"** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;

- (4) **"Bond"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (5) **"Loan"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (6) **"Bond or Loan"** means any obligation that is either a Bond or a Loan.
- (B) **"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 specified in the applicable Final Terms, where:
- (1) (a) **"Not Subordinated"** means an obligation that is not Subordinated to (1) the most senior Reference Obligation in priority of payment or, (2) if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity; provided that, if any of the events set forth under paragraph (a) of the definition of Substitute Reference Obligation has occurred with respect to the Reference Obligation or, if the final paragraph of the definition of Successor is applicable with respect to 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, "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, 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;

- (b) "**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 other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "Subordinated" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;
- (2) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Specified Currency is specified in the applicable Final Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively in the applicable Final Terms as the "Standard Specified Currencies");
- (3) "**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";
- (4) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;

- (5) "**Not Domestic Law**" means any obligation that is not governed by the laws of (a) the specified Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the specified Reference Entity, if such Reference Entity is not a Sovereign;
- (6) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (7) "**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 specified Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the specified Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the specified Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

For the avoidance of doubt, the provisions of paragraph (B) of the definition of "Valuation Obligation" apply to "Obligation" as the context admits.

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

**"Obligation Currency"** means, in respect of an Obligation, the currency or currencies 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.

**"On-The-Run Index"** means, on any day other than the Issue Date, the initial version of the then-current series of the Index on that day and the On-The-Run Index on the Issue Date will

be the Initial On-The-Run Index specified in the applicable Final Terms, in each case subject to adjustment as provided in Product Condition 3(l).

**"Outstanding Principal Balance"** means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (*Interpretation of Provisions*) in the definition of Valuation Obligation:

- (a) with respect to any Accreting Obligation, the Accreted Amount thereof; and
- (b) with respect to any other obligation, the outstanding principal balance of such obligation,

Provided That with respect to any Exchangeable Obligation that is not an Accreting Obligation, "Outstanding Principal Balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Notes for which such obligation is exchangeable.

**"Overnight Rate"** means, in respect of any day in an Additional Amount Period or Recovery Amount Period:

- (i) where the Settlement Currency is EUR, a reference rate equal to the overnight rate as calculated by the European Central Bank which appears on the display designated as page EONIA on the Reuters screen (or such other source, including any successor to such page or service, as the Calculation Agent shall determine to be appropriate) in respect of that day, if that day is a TARGET2 Day, or in respect of the TARGET2 Day immediately preceding that day if that day is not a TARGET2 Day; or
- (ii) where the Settlement Currency is USD, a reference rate equal to the rate set forth in H.15 (519) for that day opposite the caption "Federal Funds (effective)", as such rate appears on the display designated as page H15FED1 on the Reuters screen (or such other source, including any successor to such page or service, as the Calculation Agent shall determine to be appropriate) in respect of that day if that day is a Business Day or in respect of the Business Day immediately preceding that day if that day is not a Business Day; or
- (iii) where the Settlement Currency is a currency other than USD or EUR, the Overnight Rate specified in the applicable Final Terms.

As used herein, "**H.15 (519)**" means the weekly statistical release designated as such, or any successor publication published by the Federal Reserve System Board of Governors, available through the worldwide website of the Board of Governors of the Federal Reserve

System at <http://www.federalreserve.gov/releases/h15/update/h15upd.htm>, or any successor site or publication.

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

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

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

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

**"Parallel Auction Settlement Terms"** means, following the occurrence of a Restructuring where 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, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which (i) the Deliverable Obligation Terms are the same as the Reference Transaction and (ii) the Reference Transaction would not be an Auction Covered Transaction.

**"Payment Date"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) in the place of presentation and the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-Settlement Express Transfer (TARGET2) System is open.

**"Payment Requirement"** means the amount specified as such in the applicable Final Terms or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Final Terms, USD1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Permissible Valuation Obligations"** means "Permissible Deliverable Obligations" as such term is defined in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the deliverable obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**"Permitted Currency"** means (i) the legal tender of any Group of 8 country (or any country that becomes a member of the Group of 8 if such Group of 8 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

**"Portfolio Size"** means, in the case of Tranching Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit Linked Notes, the amount specified as such in the applicable Final Terms, subject to adjustment as provided in Product Condition 4(n).

**"Potential Credit Event"** means a Potential Failure to Pay (if Failure to Pay is an applicable Credit Event in respect of the Reference Entity), a Potential Repudiation/Moratorium (if Repudiation/Moratorium is an applicable Credit Event in respect of the Reference Entity) or if a Credit Event Resolution Request Date has occurred and the relevant Credit Derivatives Determinations Committee has not made its determination, such event will be deemed to be a Potential Credit Event. A Credit Derivatives Determinations Committee or the Calculation Agent may each determine whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred.

**"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.

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

**"Pre-Roll Index"** means, on any day, the series of the Index that immediately preceded the series that constitutes the On-The-Run Index on that day.

**"Pre-Roll Index Spread"** means, on any Index Roll Date, the Adjusted Index Spread determined as if:

- (a) the Index Spread is the closing mid-market level of the applicable Pre-Roll Index published by Markit on <http://www.markit.com> (or any successor address or website), provided that (i) if such a level is not published by Markit in respect of that Index on that day or if the Calculation Agent determines such level published by Markit to be incorrect or out of date, then the level will be the average of quotations obtained for such level by the Calculation Agent from three Eligible Dealers; (ii) if quotations from three Eligible Dealers are not available, the average of quotations obtained by the Calculation Agent from two Eligible Dealers; and (iii) if quotations from at least two Eligible Dealers are not available, then the level of the Pre-Roll Index will be determined by the Calculation Agent in its sole discretion, in each case as adjusted using linear interpolation to match the scheduled maturity date of the On-The-Run Index; and
- (b) the Loss Amounts (if any) are determined in respect of the Reference Entities comprised in the Pre-Roll Index in respect of which the Conditions to Settlement have been satisfied and the Final Price or the Auction Final Price, as applicable, has been determined.

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

**"Publicly Available Information"** means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which:

- (i) has been published in or not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation;
  - (ii) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
  - (iii) 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
  - (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.
- (b) In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the Obligation with respect to which a Credit Event has occurred and (ii) a holder of such Obligation, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to such Obligation.
- (c) In relation to any information of the type described in paragraphs (a) (ii), (iii) and (iv) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

- (d) Publicly Available Information need not state:
  - (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
  - (ii) that such occurrence:
    - (A) has met the Payment Requirement or Default Requirement;
    - (B) is the result of exceeding any applicable Grace Period; or
    - (C) 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 (A) 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"**) and that is not at the time of the Credit Event Subordinated to any unsubordinated Borrowed Money obligation of the Underlying Obligor (with references in the definition of Subordination to the Reference Entity deemed to refer to 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 or (B) where Qualifying Guarantee Provisions are specified as applying in the applicable Final Terms, an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of

an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being delivered together with the delivery of the Underlying Obligation.

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

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

**"Quotation"** means each Full Quotation and/or Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation 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 Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. 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 Quotation 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 or, if applicable, the Valuation Obligation obtained from Quotation 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.

- (b)
  - (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) If "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest.
  - (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 or, if applicable, the Valuation Obligation, whether such Quotations shall include or exclude accrued but unpaid interest and shall apply such determination to all Quotations obtained at such time in respect of such Reference Obligation or, if applicable, such Valuation Obligation.
- (c) 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 of such Accreting Obligation for the purposes of determining the Final Price.

**"Quotation Amount"** means the amount specified as such in the applicable Final Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the applicable Final Terms, the Aggregate Nominal Amount) (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

**"Quotation Dealer"** means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained, including each Quotation Dealer specified in the applicable Final Terms. If no Quotation Dealers are specified in the applicable Final Terms, the Calculation Agent shall select the Quotation Dealers. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the

type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

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

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

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

**"Recovery Amount"** means, following the satisfaction of the Conditions to Settlement and the determination of the Final Price or the Auction Final Price, as applicable, in respect of a Reference Entity, an amount calculated by the Calculation Agent equal to:

$A \times B \times C$

where:

"A" is the Portfolio Size or (in the case of Basket Credit Linked Notes) the Aggregate Nominal Amount;

"B" is the Final Price or the Auction Final Price, as applicable, in respect of the Affected Reference Entity; and

"C" is the relevant Weighting.

**"Recovery Amount Period"** means, in respect of an Affected Reference Entity, the period from and including the day on which Conditions to Settlement are satisfied in respect of such Reference Entity, to but excluding the Maturity Date or, if earlier, the Credit Event Redemption Date.

**"Recovery Interest Amount"** means, in respect of an Affected Reference Entity, an amount equal to:

(A) the result of:

- (i) the Adjusted Recovery Amount; minus

- (ii) the Recovery Amount; plus
- (iii) the Aggregate Unwind Costs;

multiplied by

- (B) a fraction the numerator of which is equal to the Nominal Amount and the denominator of which is equal to the Aggregate Nominal Amount as of the time of determination of the relevant Recovery Interest Amount.

**"Reference Entity"** means:

- (i) in the case of Notes not referencing an Index, the entity or entities specified as such in the applicable Final Terms; or
- (ii) in the case of (a) Range Accrual Credit Linked Notes referencing an Index and any day, the reference entity or reference entities specified in the On-The-Run Index or the Pre-Roll Index (as applicable) for such day or (b) any other Notes referencing an Index, the reference entity or reference entities specified in the relevant Index as of the Issue Date,

provided that "Reference Entity" shall be subject to adjustment whereby any Successor to a Reference Entity either (a) identified pursuant to the definition of "Successor" on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be the Reference Entity for the purposes of the relevant Series. **"Reference Entity Spread"** means, on any day, an amount (expressed as a number of basis points per annum) equal to the closing mid-market fixed rate of the applicable Reference Entity published on the Reference Page (or any successor to such page) on such day. If such a fixed rate is not published on the Reference Page in respect of such Reference Entity on such day or if the Calculation Agent determines such fixed rate published on the Reference Page to be out of date or materially incorrect, then the fixed rate will be the average of quotations obtained for such fixed rate by the Calculation Agent from three Eligible Dealers or, if quotations from three Eligible Dealers are not available, the average of quotations obtained by the Calculation Agent from two Eligible Dealers. If quotations from at least two Eligible Dealers are not available, then the fixed rate of such Reference Entity will be determined by the Calculation Agent in its sole discretion.

**"Reference Obligation"** means each obligation specified or of a type described as such in the applicable Final Terms (if any are so specified or described) and any Substitute Reference Obligation.

**"Reference Page"** means, in the case of Range Accrual Credit Linked Notes, the page specified as such in the applicable Final Terms.

**"Reference Transaction"** means a hypothetical credit derivative transaction:

- (a) for which the Deliverable Obligation Terms and the Reference Obligation are (i) substantively the same as the Valuation Obligation terms and Reference Obligation in respect of the Notes (if Valuation Obligation terms and Reference Obligation are specified in the applicable Final Terms) or (ii) if and to the extent Valuation Obligation terms and/or a Reference Obligation are not specified for the Notes, the Valuation Obligation Terms and Reference Obligation determined by the Calculation Agent to be appropriate in respect of a credit derivative transaction linked to the specified Reference Entity;
- (b) with a scheduled termination date matching the Scheduled Maturity Date of the Notes; and
- (c) otherwise having such other characteristics as the Calculation Agent may determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any elections normally made in respect of credit derivatives and corresponding to the terms of the Notes as set out in the applicable Final Terms.

**"Relevant City Business Day"** has the meaning set out in the Rules.

**"Relevant Conditions to Settlement Event"** has the meaning given to it in Product Condition 4(e).

**"Relevant Obligations"** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available

Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

**"Relevant Spread"** means, on any day:

- (a) in the case of Range Accrual Credit Linked Notes referencing an Index, the Adjusted Index Spread on such day; and
- (b) in the case of all other Range Accrual Credit Linked Notes, the Reference Entity Spread on such day.

**"Relevant Time"** means Greenwich Mean Time or, if the Transaction Type of the specified Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time.

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

**"Repudiation/Moratorium"** means the occurrence of both of the following events:

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

**"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time), (i) 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, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium; provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied..

**"Repudiation/Moratorium Extension Condition"** will be satisfied:

- (a) if 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 Maturity 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 specified Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time); or
- (b) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available is specified as applicable in the applicable Final Terms, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date.

In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or 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 Maturity 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 specified Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the specified Reference Entity but that such event occurred after the Scheduled Maturity Date (determined by reference to the Relevant Time).

*As at the date hereof, the Rules provide that each "Eligible Market Participant" (being each party which is a party to a credit derivatives transaction that have, or are deemed to have, incorporated the March 2009 Supplement or the July 2009 Supplement in a confirmation) is permitted to deliver such a notice to ISDA pursuant to the Rules.*

**"Repudiation/Moratorium Extension Notice"** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or after the Trade Date and on or prior to the Scheduled Maturity Date (determined by reference to the Relevant Time). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**"Resolve"** has the meaning set out in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

**"Restructured Bond or Loan"** means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

**"Restructuring"** means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of each such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of each such Obligation to bind all the holders of each such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date applicable to a Series and (ii) the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (a) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (b) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (c) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity or (if Monoline Insurer Provisions are specified to apply in the applicable Final Terms) in the case of a Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy.

For purposes of the definition of Restructuring and Product Condition 13 the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph and sub-paragraphs (i) to (v) of the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, if Monoline Insurer Provisions are specified as applying in the applicable Final Terms, paragraphs (i) to (v) inclusive above of this definition are hereby amended to read as follows:

- (i) a reduction in the rate or amount or the Instrument Payments in clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
- (ii) a reduction in the amount of the Instrument Payments described in clause (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
- (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of the Instrument Payments described in clause (A)(x) of the definition thereof or (B) the payment of the Instrument Payments described in clause (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
- (iv) a change in the ranking in priority of payment of (A) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (B) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
- (v) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency.

For purposes of this definition of "Restructuring" and if each of Monoline Insurer Provisions and Product Condition 13 is specified as applying in the applicable Final Terms the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in the definition of "Restructuring" shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in paragraphs (a) to (c) inclusive in the definition of "Restructuring" shall continue to refer to the Reference Entity.

**"Restructuring Date"** means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity 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 Maturity 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 Maturity 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 Maturity Date.

"**Rules**" has the meaning given to that term in the definition of "Credit Derivatives Determinations Committee" above.

"**Scheduled Repayment Percentage**" means, in the case of Zero Coupon Equity Tranche Credit Linked Notes, the relevant percentage specified as such in the applicable Final Terms.

"**Series**" means each series of Notes set out in the applicable Final Terms.

"**Settlement Currency**" means the currency specified as such in the description of the relevant Series in the applicable Final Terms.

"**Settlement Method**" means, subject to Product Condition 5 (a) if Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms, Auction Settlement or (b) if Cash Settlement is specified as the applicable Settlement Method in the applicable Final Terms, Cash Settlement.

"**Settlement Notice**" has the meaning given to it in the applicable paragraph of Product Condition 4.

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

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

"**Sovereign Restructured Valuation Obligation**" means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant

Credit Event Notice has occurred and (b) described by the Valuation Obligation Category specified in the applicable Final Terms, and, subject to paragraph (3) of "(B) Interpretation of Provisions" in the definition of "Valuation Obligation", having each of the Valuation Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Valuation Obligation Category or Valuation Obligation Characteristics after such Restructuring.

**"Specified Number"** means the number of Public Source(s) specified in the applicable Final Terms, or if no number is specified in the applicable Final Terms, two.

**"Spread Trigger Event"** means, at any time on any day, a determination by the Calculation Agent that (a) the average of the mid-market fixed rates (expressed as a number of basis points) applicable to a Standard Credit Default Swap in respect of each specified Reference Entity (in the case of a Leveraged Basket Credit Linked Note or a Leveraged Tranching Basket Credit Linked Note not referencing an Index); (b) the mid-market fixed rate (expressed as a number of basis points) applicable to a Standard Credit Default Swap in respect of the specified Reference Entity (in the case of a Leveraged Credit Linked Note); or (c) the mid-market fixed rate (expressed as a number of basis points) applicable to a Standard Credit Default Swap in respect of the specified Index (in the case of a Leveraged Basket Credit Linked Note or a Leveraged Tranching Basket Credit Linked Note referencing an Index), in each case for a term matching the Time to Maturity of the Notes, is greater than or equal to the Applicable Trigger Spread, in each case as of such day, where such fixed rates are determined on the basis of the Fixed Rate Determination Methodology and, if appropriate, linear interpolation and, in such case, a Spread Trigger Event shall be deemed to occur as of such day.

**"Standard Credit Default Swap"** means, at any time, a credit default swap:

- (a) documented on substantially the same terms as those published at such time for a credit default swap of the relevant type by Markit Group Limited on [www.markit.com](http://www.markit.com) (or any successor address or website) or ISDA on [www.isda.org](http://www.isda.org) (or any successor address or website) (including, if appropriate, the then current version of the ISDA Matrix); and
- (b) traded between counterparties who are dealers active in the credit default swap markets at such time.

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

- (a) In the event that:
  - (i) a Reference Obligation in respect of such Reference Entity is redeemed in whole; or
  - (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation in respect of such Reference Entity have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation in respect of such Reference Entity is an Underlying Obligation with a Qualifying Guarantee (which terms as used in this subsection (B) shall be deemed to include the Insured Instrument and the Qualifying Policy respectively where Monoline Insurer Provisions are specified as applying in the applicable Final Terms) of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation in respect of a Reference Entity is no longer an obligation of such Reference Entity,

the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation in respect of a Reference Entity.

- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* in priority of payment with the ranking in priority of payment of each Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (2) preserves the economic equivalent, as closely as practicable as

determined by the Calculation Agent of the payment obligations of the Issuer and (3) is an obligation of the specified Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if Monoline Insurer Provisions are specified as applying in the applicable Final Terms) or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.

- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all such Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all such Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If:
  - (i) more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all such Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of such Reference Obligations; or
  - (ii) only one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such

Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation,

then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Extension Date. If (i) the Credit Event Redemption Amount is determined by reference to a Reference Obligation or Valuation Obligation is specified as applying in the applicable Final Terms and the Reference Obligation is the only Valuation Obligation and (ii) on or prior to the Extension Date, a Substitute Reference Obligation has not been identified, the Issuer may notify the Holders in accordance with General Condition 4 and redeem all but not some only of the Notes and pay in respect of each Note equal to the Nominal Amount, an amount calculated by the Issuer as the fair market value of the Note immediately prior to such termination less the cost to the Issuer and/or any Affiliate of unwinding any related hedging arrangements (determined without taking into account the creditworthiness of the Issuer). Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4.

- (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 Obligation into a different Obligation.

**"Succession Event"** means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, 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 (ii) 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. Notwithstanding the foregoing, "Succession Event" shall not include (A) an event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event or (B) with respect to which the effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to the Relevant Time) applicable to the relevant Series.

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

- (a) for purposes of any event that constitutes a Succession Event, as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date (determined by reference to the Relevant Time); or
- (b) otherwise, the date that is 90 calendar days prior to the earlier of:
  - (i) the date on which the Succession Event Notice is effective; and
  - (ii) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Succession Event Notice is delivered by the Calculation Agent to the Issuer 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.

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

**"Succession Event Notice"** means a notice from the Calculation Agent to the Issuer that describes a Succession Event that occurred on or after the Succession Event Backstop Date (determined by reference to the Relevant Time).

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

**"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 a Series has occurred with respect to the specified Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (A) with respect to a Reference Entity that is not a Sovereign,

the legally effective date of such event or (B) 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.

*As at the date hereof, the Rules provide that each "Eligible Market Participant" (being each party which is a party to a credit derivatives transaction that have, or are deemed to have incorporated the March 2009 Supplement or the July 2009 Supplement in a confirmation) is permitted to deliver such a notice to ISDA pursuant to the Rules.*

**"Successor"** means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined 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;
  - (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;
  - (iii) if more than one entity each directly or indirectly succeed 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 and these Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (iv) if one or more entity each directly or indirectly succeed 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

and these Conditions and/or the applicable Final Terms will be adjusted as provided below;

- (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 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; and
- (b) in relation to a Sovereign Reference Entity, each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assume(s) any of the obligations of such 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 occurrence of the relevant Succession Event), and with effect from the effective date of the occurrence of the relevant Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable; provided that the Calculation Agent will not make any 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 (a) above and paragraphs (a) and (b)(A) of the definition of Succession Event Resolution Request Date (in the case of a Reference Entity that is not a Sovereign) or (b) above and paragraphs (a) and (b)(B) of the definition of Succession Event Resolution Request Date (in the case of a Sovereign Reference Entity) are satisfied in accordance with the Rules (until such time (if any) that 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 has occurred and, in either such case, the Calculation Agent shall adhere to the relevant resolution of the Credit Derivatives Determinations Committee. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Holder(s) at the specified office of the Principal Agent.

Where pursuant to paragraph (a)(iii) or (a)(iv) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Conditions and/or the applicable Final Terms as it shall determine to be appropriate to reflect that the specified Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of these Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes under the provisions of the 2003 ISDA Credit Derivatives Definitions, as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions and the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions, as published by ISDA.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Holders in accordance with General Condition 4, stating the adjustment to these Conditions and/or the applicable Final Terms and giving brief details of the relevant Succession Event.

For the purposes of this definition of "Successor", "**succeed**" means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (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 or insurer (if Monoline Insurer Provisions are specified as applying in the applicable Final Terms) with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (a) of this 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.

Where:

- (A) a Reference Obligation is specified in the applicable Final Terms; and
- (B) one or more Successors to the Reference Entity have been identified; and
- (C) any one or more such Successors have not assumed the Reference Obligation,

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

**"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 the European Bank for Reconstruction and Development.

**"Swap Curve Rate"** has the meaning given in the description of the relevant Series in the applicable Final Terms.

**"Threshold Amount"** means, in the case of Tranchéd Basket Credit Linked Notes, Leveraged Tranchéd Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit Linked Notes, the amount specified as such in the applicable Final Terms subject to adjustment as provided in Product Condition 4(n).

**"Time to Maturity"** means, on any day, a number of years (expressed as a decimal and rounded up to the nearest hundredth) equal to:

- (a) the number of calendar days during the period from and including such day to but excluding the Scheduled Maturity Date; divided by
- (b) 365.

**"Trade Date"** means the date specified as such in the applicable Final Terms.

**"Tranche Reduction Amount"** means, in the case of Tranchéd Basket Credit Linked Notes, Leveraged Tranchéd Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit

Linked Notes and in respect of an Affected Reference Entity for which Conditions to Settlement have been satisfied, an amount equal to the lesser of:

- (a) the Loss Amount in respect of such Affected Reference Entity;
- (b) the amount, if any, by which the Aggregate Loss Amount (calculated taking into account the Loss Amount for such Affected Reference Entity) exceeds the Threshold Amount; and
- (c) the Tranche Size (prior to any reduction thereto in respect of the Affected Reference Entity).

**"Tranche Size"** means, in the case of Tranching Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit Linked Notes at any time, the Maximum Loss Amount less the sum of the Threshold Amount and the aggregate of all Tranche Reduction Amounts determined prior to that time.

**"Transaction Auction Settlement Terms"** means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms selected by the Calculation Agent in accordance with this provision. In relation to a Credit Event (and as set out in the definition of Credit Derivatives Auction Settlement Terms), ISDA may publish one or more form(s) of Credit Derivatives Auction Settlement Terms on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) and may amend such forms from time to time. Each such form of Credit Derivatives Auction Settlement Terms shall set out, *inter alia*, definitions of "Auction", "Auction Cancellation Date", "Auction Covered Transaction" and "Auction Final Price Determination Date" in relation to the relevant Credit Event. The Transaction Auction Settlement Terms for purposes of the Notes shall be the relevant form of Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction (as such term will be set out in the relevant Credit Derivatives Auction Settlement Terms). The Reference Transaction (as set out in the definition thereof) is a hypothetical credit derivative transaction referred to in the Product Conditions and this Appendix to the Product Conditions principally for the purpose of selecting the Credit Derivatives Auction Settlement Terms appropriate to the Notes.

**"Trigger Event"** means, at any time, in the determination of the Calculation Agent:

- (a) if the Notes are specified to be "Loss Only" in the applicable Final Terms, a Loss Trigger Event occurs; and

- (b) if the Notes are specified to be "Spread Only" in the applicable Final Terms, a Spread Trigger Event occurs.

**"Trigger Event Early Redemption Date"** means the date specified in the Trigger Event Early Redemption Notice for early redemption of the Notes in accordance with Product Condition 4(h) which shall fall not fewer than 10 nor more than 30 days following the occurrence of the relevant Trigger Event.

**"Trigger Event Early Redemption Notice"** means an notice, given by the Issuer following the occurrence of a Trigger Event, specifying a Trigger Event Early Redemption Date.

**"Unwind Costs"** means the amount specified in the applicable Final Terms or if "Standard Unwind Costs" are specified in the applicable Final Terms, an amount per Note determined by the Calculation Agent equal to the sum of (without duplication) all costs, fees, charges, expenses (including loss of funding), taxes and duties incurred by the Issuer and/or any of its Affiliates in connection with payment of the relevant amount or the redemption or partial redemption of the Notes to which such Final Terms apply and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each of the Notes to which such Final Terms apply; provided that, in the case of Principal Protected Notes, the Unwind Costs shall only reduce the Credit Event Redemption Amount to the extent that such reduction does not cause the Credit Event Redemption Amount to be less than the Nominal Amount.

**"Unwind Determination Methodology"** means, on any day, with respect to a swap which is a Notionally Embedded Note Component, the unwind value will be the average of quotations obtained by the Calculation Agent from three Eligible Dealers or, if quotations from three Eligible Dealers are not available, the average of quotations obtained by the Calculation Agent from two Eligible Dealers, in each case such quotation being for the relevant Eligible Dealer to enter into a replacement swap with the Issuer on substantially the same terms as the swap which is a Notionally Embedded Note Component. If quotations from at least two Eligible Dealers are not available, the unwind value shall be determined by the Calculation Agent in its sole discretion by reference to such source(s) as it determines appropriate.

**"Upper Barrier"** means:

- (a) in the case of Range Accrual Credit Linked Notes referencing an Index:
- (i) on any day prior to the first Index Roll Date, the Initial Upper Barrier; and

- (ii) on any day from and including the first Index Roll Date, the Adjusted Upper Barrier set on the immediately preceding Index Roll Date, unless such day is an Index Roll Date, in which case the Upper Barrier will be the Adjusted Upper Barrier set on that day; and
- (b) in the case of all other Range Accrual Credit Linked Notes on any day, the Initial Upper Barrier,

Provided That:

- (i) if any day is not a Business Day, the applicable Upper Barrier will be the Upper Barrier for the immediately preceding Business Day; and
- (ii) if any day is either the final or the second to last Business Day of an Interest Period, the applicable Upper Barrier will be the Upper Barrier for the Business Day immediately preceding the second to last Business Day of the Interest Period.

**"Valuation Date"** means (a) where Valuation Obligations is specified as applying in the applicable Final Terms a date falling no more than a number of Business Days equal to the relevant Valuation Obligation Determination Period following the Credit Event Determination Date, as selected by the Calculation Agent or (b) otherwise, if "Single Valuation Date" is specified in the applicable Final Terms, the date that is the number of Business Days specified in the Final Terms after the satisfaction of all Conditions to Settlement or, if the number of Business Days is not so specified, ten Business Days after satisfaction of all Conditions to Settlement (or, if Cash Settlement is applicable pursuant to the Fallback Settlement Method, 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, ten Business Days after the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable), and if "Multiple Valuation Dates" is specified in the applicable Final Terms, each of the following dates:

- (a) the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not specified, ten Business Days) following satisfaction of all Conditions to Settlement (or, if Cash Settlement is applicable pursuant to the Fallback Settlement Method, 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, ten Business Days after the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and

- (b) each successive 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, ten 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 applicable 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":**

- (a) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation or Valuation Obligation and only one Valuation Date:
  - (i) **"Market"** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
  - (ii) **"Highest"** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

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

- (b) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation or Valuation Obligation and more than one Valuation Date:
  - (i) **"Average Market"** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
  - (ii) **"Highest"** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or

- (iii) "**Average Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

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

- (c) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and only one Valuation Date:
  - (i) "**Blended Market**" means the unweighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or
  - (ii) "**Blended Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

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

- (d) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and more than one Valuation Date:
  - (i) "**Average Blended Market**" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or
  - (ii) "**Average Blended Highest**" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

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

- (e) Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall

be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

**"Valuation Obligation"** means:

- (a) any obligation of a Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if Monoline Insurer Provisions are specified as applying in the applicable Final Terms) or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) selected by the Calculation Agent and determined pursuant to the method described in "(A) Method for Determining Valuation Obligations" below (but excluding any Excluded Valuation Obligation specified in the applicable Final Terms) and notified to the Issuer by the Calculation Agent on or prior to the Valuation Date. For the avoidance of doubt the Calculation Agent shall be entitled to select any of the Valuation Obligations for the purposes of calculating the Final Price irrespective of their market value and, provided that the selected obligation satisfies the applicable Valuation Obligation Category and Valuation Obligation Characteristics on the date of selection of the relevant Valuation Obligation, such obligation may constitute the Valuation Obligation for the purposes hereof notwithstanding that this is not the case subsequent to such date;
- (b) subject to the second paragraph of the definition of "Not Contingent" in "(A) Method for Determining Valuation Obligations" below, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Valuation Obligation; and
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Valuation Obligation (but excluding any Excluded Valuation Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event" above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable as at the date of selection of the relevant Valuation Obligation, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount apart from the giving of any notice of non-payment or similar procedural requirement, it being understood

that acceleration of an Underlying Obligation shall not be considered a procedural requirement.

(A) Method for Determining Valuation Obligations.

For the purposes of this definition of "Valuation Obligation", the term "Valuation Obligation" may be defined as each obligation of each Reference Entity described by the Valuation Obligation Category specified in the applicable Final Terms, and, subject to (B)(3) below, having each of the Valuation Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable.. The following terms shall have the following meanings:

- (1) **Valuation Obligation Category** means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" above, except that, for the purpose of determining Reference Obligations, the definition of "Reference Obligations Only" shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligations Only).
- (2) **Valuation Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" above), Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, where:
  - (i) **Not Contingent** means any obligation having as of the date of selection of the relevant Valuation Obligation and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Valuation Obligations that are Not Contingent if such Convertible Obligation, Exchangeable Obligation or Accreting

Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the date of selection of the relevant Valuation Obligation.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Valuation Obligation only if the rights referred to in clauses (A) and (B) of paragraph (i) above have not been exercised (or such exercise has been effectively rescinded) on or before the date of selection of the relevant Valuation Obligation;

- (ii) **Assignable Loan** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the specified 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;
- (iii) **Consent Required Loan** means a Loan that is capable of being assigned or novated with the consent of the specified 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;
- (iv) **Direct Loan Participation** means a Loan in respect of which, pursuant to a participation agreement, a credit participation buyer is capable of creating, or procuring the creation of, a contractual right in favour of a credit protection seller that provides a credit protection seller 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 a credit protection seller and either (A) the credit protection buyer (to the extent that the credit protection buyer 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);

- (v) **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;
- (vi) **Maximum Maturity** means an obligation that has a remaining maturity from the date of selection of the relevant Valuation Obligation of not greater than the period specified in the applicable Final Terms;
- (vii) **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 date of selection of the relevant Valuation Obligation will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and

(viii) **Not Bearer** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system.

(B) Interpretation of Provisions.

(1) If the Obligation Characteristic "Listed" is specified in the applicable Final Terms, the Final Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category.

(2) If (i) either of the Valuation Obligation Characteristics "Listed" or "Not Bearer" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Valuation Obligation Category; (ii) the Valuation Obligation Characteristic "Transferable" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Valuation Obligation Category); or (iii) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Valuation Obligation Category.

(3) If any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Valuation Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Valuation Obligation Characteristics, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics.

- (4) In the event that an Obligation or a Valuation Obligation is a Qualifying Guarantee, the following will apply:
- (i) For purposes of the application of the Obligation Category or the Valuation Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
  - (ii) Unless Qualifying Guarantee Provisions are specified as applying in the applicable Final Terms (in which case this section (ii) shall not apply), for purposes of the application of the Obligation Characteristics or the Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Valuation Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
  - (iii) For purposes of the application of the Obligation Characteristics or the Valuation Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Valuation Obligation Characteristic of Not Subordinated, if specified, in the applicable Final Terms except that where Qualifying Guarantee Provisions are specified as applying in the applicable Final Terms then, for purposes of the application of the Obligation Characteristics or the Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or Valuation Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes,

unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.

- (iv) For purposes of the application of the Obligation Characteristics or the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Valuation Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (v) For purposes of the application of the Obligation Characteristics or the Valuation Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (vi) The terms "Outstanding Principal Balance" and "Due and Payable Amount" (as they are used in these Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "Outstanding Principal Balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

For the avoidance of doubt the provisions of this paragraph (B) apply in respect of the definitions of Obligation and Valuation Obligation as the context admits.

- (C) In the event that Monoline Insurer Provisions are specified as applicable in the applicable Final Terms and an Obligation or Valuation Obligation is a Qualifying Policy, paragraph (B) above will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:

- (i) the Obligation Category Borrowed Money and the Obligation Category and Valuation Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Valuation Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in the Product Conditions and this Appendix in respect of such an Insured Instrument shall be construed accordingly;
- (ii) references in the definitions of Assignable Loan and Consent Required Loan to "the guarantor" and "guaranteeing" shall be deemed to include "the insurer" and "insuring", respectively;
- (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Valuation Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the applicable Final Terms;
- (iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Valuation Obligation Characteristics are specified in the applicable Final Terms and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and
- (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "Outstanding Principal Balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Valuation Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

For the avoidance of doubt, if Qualifying Guarantee Provisions are specified as applying in the applicable Final Terms the provisions in paragraph (B) above which apply where Qualifying Guarantee Provisions are specified as applying in the applicable Final Terms shall not be construed to apply to Qualifying Policies and Insured Instruments.

**"Valuation Obligation Determination Period"** means the number of Business Days specified as such in the applicable Final Terms.

**"Valuation Time"** means the time specified as such in the applicable Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation or Valuation Obligation, if applicable.

**"Weighted Average Quotation"** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation or (if applicable) the Valuation Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but, if a Minimum Quotation Amount is specified in the applicable Final Terms, 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 aggregate are approximately equal to the Quotation Amount.

**"Weighting"** means, in the case of Basket Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranching Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes, Zero Coupon Equity Tranche Credit Linked Notes or Basket Reverse Exposure Credit Linked Notes and in relation to a specified Reference Entity, the percentage specified as such in the applicable Final Terms in relation to such Reference Entity, adjusted in accordance with the definition of Successor, if applicable.

**"Zero Coupon Bond Amount"** means (A) in relation to any relevant day falling on or after the Scheduled Maturity Date, 100 per cent. of the nominal amount of the Zero Coupon Reference Bond or (B) in relation to any other relevant day, the present value (expressed as an amount in the Settlement Currency) of the nominal amount under the Zero Coupon Reference Bond as of such relevant day calculated by the Calculation Agent by reference to the then-current swap rate determined from the relevant Swap Curve Rate. The Calculation Agent shall determine the Zero Coupon Bond Amount in relation to any relevant day as required herein, provided that if, for any reason (including, without limitation, a systems failure or similar circumstances), it is not reasonably practicable to calculate the Zero Coupon Bond Amount in accordance with these procedures the Calculation Agent shall adjust the procedures herein as it determines appropriate in order to determine the Zero Coupon Bond Amount in relation to the relevant day.

**"Zero Coupon Reference Bond"** means, for the purposes of determining the Zero Coupon Bond Amount on any relevant day, a hypothetical zero coupon bond with the following characteristics:

- (a) the issuer is a bank with a long term credit rating equivalent to the long term credit rating of the Issuer on such relevant day by Standard & Poors Rating Services, a division of The McGraw-Hill Companies Inc. or any other internationally recognised credit rating agency as determined by the Calculation Agent;
- (b) a maturity date corresponding to the Scheduled Maturity Date specified in the Final Terms;
- (c) a nominal amount equal to the relevant Nominal Amount as specified in the Final Terms; and
- (d) a maturity redemption amount of 100 per cent of such nominal amount.

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**FORM OF FINAL TERMS**

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**Dated [ ]**



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[AMOUNT] [Leveraged] [First to Default] [Nth to Default] [Tranched] [Basket] [Reverse Exposure] [Range  
Accrual] [Zero Coupon Equity Tranche] [Credit Linked Notes] [DUE [ ]]

[INDICATIVE] ISSUE PRICE: [ ][ ]

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## FINAL TERMS

*[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (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 35 of Part A below, provided such person is one of the persons mentioned in Paragraph 35 of Part A 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]. [Include this legend where a non-exempt offer of Notes is anticipated.]*

*[The Base Prospectus referred to below (as completed by 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 the Prospectus Directive (2003/71/EC) (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 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]. [Include this legend where an exempt offer of Notes is anticipated.]*

### **Overview of the Notes**

*[Insert the answer (relevant for the applicable product type) to the question "What happens to the Notes if a credit event occurs?" included in the Questions and Answers section in the Base Prospectus. In any such answer, replace references to "above" with "included in the Questions and Answers section in the Base Prospectus" and replace references to "the Final Terms" with "these Final Terms".]*

## PART A – CONTRACTUAL TERMS

*Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions and the Product Conditions applicable to each Series of Notes described herein (the "relevant Product Conditions") as set forth in the Base Prospectus relating to Credit Linked Notes dated 26 November 2009 (the "Base Prospectus"), as supplemented from time to time, which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive"). This document constitutes the Final Terms of each Series of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus as so supplemented. Full information on the Issuer and each Series of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus as so supplemented. The Base Prospectus as so supplemented is available for viewing at the registered office of the Issuer at Gustav Mahlerlaan 10, 1082 PP Amsterdam the Netherlands and copies may be obtained from the Issuer at that address.*

*These Final Terms must be read in conjunction with, and are subject to, the General Conditions and the relevant Product Conditions contained in the Base Prospectus as so supplemented. These Final Terms, the relevant Product Conditions and the General Conditions together constitute the Conditions of each Series of the Notes described herein and will be attached to the relevant Global Note representing each such Series of the Notes. In the event of any inconsistency between these Final Terms and the General Conditions or the relevant Product Conditions, these Final Terms will govern.*

*The Netherlands Authority for the Financial Markets has provided the [names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.*

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## NOTES

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[NB: Consider whether definitions included in Product Conditions and Appendix are up to date]

1. Issuer: ABN AMRO Bank N.V., acting through [its principal office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands][its London branch at 250 Bishopsgate, London EC2M 4AA][other]
2. Type of Notes: [Credit Linked Notes]
- [Basket Credit Linked Notes:
- Credit Payment on Maturity: [Applicable/Not
- [Leveraged Credit Linked Notes] Applicable]]
- [First to Default Basket Credit Linked Notes]
- [Nth to Default Basket Credit Linked Notes]
- [Leveraged Basket Credit Linked Notes]
- [Tranched Basket Credit Linked Notes]
- [Leveraged Tranched Basket Credit Linked Notes]
- [Zero Coupon Equity Tranche Credit Linked Notes]
- [Range Accrual Credit Linked Notes]
- [Reverse Exposure Credit Linked Notes]
- [Basket Reverse Exposure Credit

- Linked Notes]
3. Series: Notes due [ ] Series [ ]
  4. Settlement Currency: [ ]
  5. Swap Curve Rate: means the closing [*specify interest rate*] swap curve rate  
 [[plus][minus] [ ] per cent.]  
*[Insert if Reverse Exposure Credit  
 Linked Notes or Basket Reverse  
 Exposure Credit Linked Notes]*
  6. Nominal Amount: [ ]  
*(i.e. denomination of each Note)*
  7. Aggregate Nominal Amount: [ ]
  8. Cash Amount: In respect of each Note [*100 per cent. of the Nominal  
 Amount*] [ ]
  9. Issue Price [ ]
  10. Issue Date [ ]
  11. Trade Date: [ ]
  12. Maturity Date: [ ] (the "**Scheduled Maturity Date**"), subject to  
 adjustment, if applicable, as provided in the Product  
 Conditions.
  13. Business Day Convention: [Following]/[Modified Following]/[Preceding]
  14. Settlement Method: [Cash Settlement/Auction Settlement]  
*[If Auction Settlement is specified,  
 include paragraph 15 to 16.]*
  15. Limitation Date: [2.5-year Limitation Date][5-year Limitation Date][20-year  
 Limitation Date]
  16. Limitation Date subject to adjustment in accordance with Business Day  
 Convention: [Applicable/Not Applicable]

17. Succession Event Backstop Date [Applicable/Not Applicable]  
 Business Day Convention adjustment in accordance with Business Day Convention:
18. Principal Protection: [Applicable/Not Applicable]  
*[If Applicable insert the following:]*  
**It should be noted that Principal Protection does not apply in the case of any early redemption or on a secondary market sale of the Notes**
19. Specified Business Day Centre(s): [ ] [[London]][TARGET2]
20. **Interest Provisions:** [Applicable/Not Applicable]  
*[If interest-bearing Notes, include paragraphs 21 to 23.]*
21. Interest Payment Dates: [ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ]
22. Interest Rate: In respect of the *[specify]* Interest Period[s], [ ] per cent. per annum  
 In respect of the *[specify]* Interest Period[s], the rate determined as follows:  
*[Specify applicable formulae, including any applicable definition of Reference Rate and Reference Rate Screen Page]]*
23. Interest Rate Day Count Fraction: [The actual number of days in the relevant period in respect of which payment is being made divided by 365 (or, if any portion of that period falls in a leap year, the sum of (i) the actual number of days in that portion of the relevant period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the relevant period falling in a non-leap year divided by 365)]  
 [The number of days in the relevant period in respect of

which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the period is the 31st day of a month but the first day of that period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of that period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]

[*Other – specify*]

### General Provisions

#### 24. Form of Notes:

- (a) Form: [Permanent Global Note]/[Temporary Global Note exchangeable for a Permanent Global Note on the Exchange Date.]
- (b) Exchange for Definitive Notes: [Not Applicable]/[Interests in a Permanent Global Note are exchangeable for Definitive Notes upon the occurrence of the limited circumstances described in Product Condition 2(a).]/[*Insert other provisions in relation to the exchange of Permanent Global Notes for Definitive Notes.*]

### Distribution

25. (a) If syndicated, names and addresses of managers and underwriting commitments: [Not Applicable/*give names, 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.)*
- (b) Date of [Subscription] [ ] Agreement:
- (c) Stabilising Manager(s) (if any): [Not Applicable/*give name*]

26. If non-syndicated, name and address of relevant Dealer: [Not Applicable/give name and address]
27. Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
28. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
29. Non exempt Offer: [Not Applicable] [An offer of the Notes may be made by certain banks, financial intermediaries and other authorised entities (together with the Managers, the "**Financial Intermediaries**") other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)] ("**Public Offer Jurisdictions**") during the period from [specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [ ] Business Days thereafter"] ("**Offer Period**") See further Paragraph 7 of Part B below.
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*
30. Additional selling restrictions: [Not Applicable/give details]
31. Early Redemption Amount in relation to a Merger Event Redemption Date: [specify details if Merger Event is applicable/Not Applicable]
32. Specified Business Centre(s): [ ]
33. Calculation Agent City: [ ]
34. **Index Provisions:** [Applicable/Not Applicable]

*[If the Notes reference an Index, include as applicable paragraphs 35 to 42*

*(Note, paragraphs 38 to 42 apply only to Range Accrual Credit Linked Notes)*

35. Index: [ ]
36. Index Maturity: [ ]
37. Reference Page: [ ]
38. Initial On-The-Run Index: Series [ ]; Version [ ]
39. Mid-market level of On-The-Run Index: [ ]
40. Mid-market level of Pre-Roll Index: [ ]
41. Initial Lower Barrier: [ ] basis points
42. Initial Upper Barrier: [ ] basis points
43. **Leverage Provisions:** [Applicable/Not Applicable]

*[If Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes, Reverse Exposure Credit Linked Notes or Basket Reverse Exposure Credit Linked Notes, include paragraphs 44 to 45.]*

44. Leverage Factor: [ ] per cent. [Not Applicable]
45. Trigger Event: [Loss Only/Spread Only] *(NB only Leveraged Tranching Basket Credit Linked Notes can be Loss Only)*  
*[Insert if Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes or Leveraged Tranching Basket Credit Linked Notes.]*
46. Applicable Trigger Spread: [ ] *[express in basis points]*
47. **Tranching Note Provisions:** [Applicable/Not Applicable]

*[If Tranching Basket Credit Linked Notes*

*or Leveraged Tranched Basket Credit Linked Notes or Zero Coupon Equity Tranche Credit Linked Notes include paragraphs 48 to 53. NB. Other than Detachment Point which is a percentage, amount to be in Settlement Currency]*

48. Threshold Amount: [ ]
49. Detachment Amount: [ ] *(NB the Detachment Amount will be the Portfolio Size multiplied by 100% minus the Detachment Point)*
50. Detachment Point: [ ] per cent.
51. Portfolio Size: [ ]
52. Maximum Loss Amount: [ ] *(NB the Maximum Loss Amount will be (i) the product of the Portfolio Size and the Detachment Point less (ii) the Threshold Amount)*
53. Maximum Aggregate Loss Percentage Matrix:

*[insert applicable Maximum Aggregate Loss Percentage Matrix here]*

### **Credit Provisions**

54. Reference Entity(ies): [ ]
- For the avoidance of doubt paragraphs 58 to 66 and paragraphs 74 to 82 shall apply in respect of each Reference Entity.*

*[Repeat information in 55 to 64 below as applicable for each Reference Entity or attach list and cross-refer]*

55. Reference Obligation(s): [ ]

[The obligation[s] identified as follows:

Primary Obligor: [ ]

Guarantor: [ ]

Maturity: [ ]

Coupon: [ ]

CUSIP/ISIN: [ ]

56. Weighting [ ] per cent. *(NB the sum of the Weightings for all Reference Entities should equal 100 per cent.)*

57. Nth Relevant Conditions to Settlement Event: [2nd][3rd][4th][ ]

*[Insert if Nth to Default Basket Credit Linked Notes.]*

58. All Guarantees: [Applicable/Not Applicable]

59. Qualifying Guarantee Provisions: [Applicable/Not Applicable]

60. Credit Events: [Bankruptcy]  
[Failure to Pay]

Grace Period Extension:

[Applicable/Not Applicable]

[If Applicable:

Grace Period:[ ]]

[Obligation Acceleration]

[Obligation Default]

[Repudiation/Moratorium]

[Restructuring]

- Provisions relating to Restructuring

Credit Events: Product Condition 11

[Applicable/Not Applicable]

- Provisions relating to Multiple Holder

Obligation: Product Condition 13

[Applicable/Not Applicable]

- Restructuring Maturity Limitation and Fully Transferable Obligation

[Applicable/Not Applicable]

- Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation

[Applicable/Not Applicable]

[*other*]

Default Requirement: [    ]

Payment Requirement: [    ]

61. Conditions to Settlement: Notice of Publicly Available Information

[Applicable/Not Applicable]

[If Applicable:

Public Source(s): [    ]]

Specified Number: [    ]]

62. Obligation(s):

Obligation Category: [Payment]

[*select one only*]: [Borrowed Money]

[Reference Obligations Only]

[Bond]

[Loan]

	[Bond or Loan]
Obligation Characteristics:	[Non Subordinated]
[select all of which apply]:	[Specified Currency:
	[specify currency] [Standard Specified Currencies]]
	[Not Sovereign Lender]
	[Not Domestic Currency:]
	[Domestic Currency means: [specify currency]]
	[Not Domestic Law]
	[Listed]
	[Not Domestic Issuance]
Additional Obligation(s):	[     ]
63. Monoline Insurer Provisions:	[Applicable/Not Applicable]
64. Excluded Obligation(s):	[     ]
65. Accrual of Interest upon Credit Event:	[Applicable/Not Applicable]
	[Insert if interest-bearing Notes]
Overnight Rate:	[Provide details if Accrual of Interest upon Credit Event is applicable, if Range Accrual Credit Linked Notes referencing an Index or if Basket Credit Linked Notes to which Credit Payment on Maturity is not applicable and Settlement Currency is other than EUR or USD]]
66. Merger Event:	[Applicable/Not Applicable]
	If Applicable: Merger Event Redemption Date
	[Specify]
67. Unwind Costs	[Standard Unwind Costs/other/Not Applicable]

68. *[Insert the following provisions if Reverse Exposure Credit Linked Notes or Basket Reverse Exposure Credit Linked Notes:]*

Investment Value Fixed Rate: [ ] per cent.

Investment Value Fixed Rate Payer Payment Dates: [20th March, 20th June, 20th September and 20th December/*insert other*].

69. Credit Event Redemption Amount: *[Specify if other than as set out in the Appendix to the Product Conditions. Express as an amount per Nominal Amount of a Note]*  
*[Insert if Credit Linked Notes, Basket Credit Linked Notes, First to Default Basket Credit Linked Notes, Leveraged Credit Linked Notes, Leveraged Basket Credit Linked Notes, Tranching Basket Credit Linked Notes, Leveraged Tranching Basket Credit Linked Notes, Zero Coupon Equity Tranche Credit Linked Notes or Reverse Exposure Credit Linked Notes.]*

70. Credit Event Amount: *[Specify if other than as set out in the Appendix to the Product Conditions. Express as an amount per Nominal Amount of a Note]*  
*[Insert if Basket Credit Linked Notes to which Credit Payment on Maturity is not applicable, Tranching Basket Credit Linked Notes or Basket Reverse Exposure Credit Linked Notes.]*

71. Scheduled Repayment Percentage: [ ] per cent.  
*[Insert if Zero Coupon Equity Tranche Credit Linked Notes.]*

72. Credit Event Redemption Date/Credit Event Payment Date: [ ] Business Days

73. Final Credit Event Redemption Date: [Applicable/Not Applicable]

74. Valuation Date: [Single Valuation Date:

[ ] Business Days]

[Multiple Valuation Dates:

[ ] Business Days; and each Business Day thereafter.

Number of Valuation Dates: [ ]]

75. Valuation Time: [ ]

76. Quotation Method: [Bid/Offer/Mid-market]

77. Quotation Amount: [ ]/[Representative Amount]

78. [Minimum Quotation Amount: [ ]]

79. Quotation Dealers: [ ]

80. Quotations: [Include Accrued Interest/Exclude Accrued Interest]

81. Valuation Method: [Market/Highest]

[Average Market/Highest/Average Highest] [Blended Market/Blended Highest] [Average Blended Market/Average Blended Highest]

82. Valuation Obligations: [Applicable/Not Applicable]

Valuation Obligation Category

[*select one only*]: [Payment]

[Borrowed Money]

[Reference Obligations Only]

[Bond]

[Loan]

[Bond or Loan]

Valuation Obligation

Characteristics

[Not Subordinated]

[select all of which apply]:

[Specified Currency:

[specify currency] [Standard Specified Currencies]]

[Not Sovereign Lender]

[Not Domestic Currency]

[Domestic Currency means: [specify currency]]

[Not Domestic Law]

[Listed]

[Not Contingent]

[Not Domestic Issuance]

[Assignable Loan]

[Consent Required Loan]

[Direct Loan Participation]

[Qualifying Participation Seller: insert details]

[Transferable]

[Maximum Maturity:

[ ]]

[Accelerated or Matured]

[Not Bearer]

Additional Valuation

[ ]

Obligation(s):

Excluded Valuation

[ ]

Obligation(s):

Valuation Obligation                      [[        ] Business Days/*specify*]  
Determination Period:

Notwithstanding the provisions of this paragraph 82, the Reference Obligation in respect of each Reference Entity shall at all times constitute an Obligation and a Valuation Obligation, in respect only of such Reference Entity, for the purposes of the Notes.

83. Other terms or special conditions:                      [        ]

84. Amendments to General Conditions or                      [Not Applicable/give details]  
Product Conditions:

*[When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

#### **Information on the Reference Entity/ies**

85. Page or other information source where                      [Bloomberg][Reuters][        ]  
information about the past and future  
performance of each Reference  
Entity/ies and its equity market  
volatility can be obtained:

*[repeat as above for each new Series]*

#### **Purpose of Final Terms**

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [specify relevant regulated market (for example, Euronext Amsterdam N.V.) and, if relevant, listing on an official list (for example, Euronext Amsterdam by NYSE Euronext)]] of the Notes described herein] pursuant to the LaunchPAD Credit Linked Note Programme of ABN AMRO Bank N.V.

#### **Responsibility**

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has 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.



## PART B – OTHER INFORMATION

1. Listing and 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 (for example, Euronext Amsterdam N.V.) and, if relevant, listing on an official list (for example, Euronext Amsterdam by NYSE Euronext)] 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 (for example, Euronext Amsterdam N.V. and, if relevant, listing on an official list (for example, the Euronext Amsterdam by NYSE Euronext))] with effect from [ ].] [Not Applicable]
  
2. Interests of natural and legal persons involved in the issue  

So far as the Issuer is aware, no person (other than the Issuer in its separate capacities as Issuer and Calculation Agent) involved in the issue of the Notes has an interest material to the offer. [NB: Amend as appropriate if there are interests]

[When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]
  
3. Reasons for the Offer, Estimated Net Proceeds and Total Expenses
  - (i) Reasons for the offer [ ] [Not Applicable]  

[See ["Use of Proceeds"] wording in Offering Circular – 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]

*[Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".]*

*(N.B.: (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

4. Yield (Fixed Rate Notes only)

Indication of yield: [ ] [Not Applicable]

*[Calculated as [include details of method of calculation in summary form] on the Issue Date.]*

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. Performance of Index/Formula, explanation of effect on value of investment and associated risks and other information concerning the Underlying (Index-linked Notes only)

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

6. Operational Information

(i) ISIN Code: [ ]

- (ii) Common Code: [ ]
- (iii) Delivery: Delivery [against/free of] payment
- (iv) Names and addresses of additional Paying Agent(s) (if any): [ ]
- (v) Principal Agent: ABN AMRO Bank N.V. MF 2020 Kemelstede 2, P.O. Box 3200, 4800 DE Breda, The Netherlands
- (vi) Agent(s): [ ] [Not Applicable]
- (vii) Calculation Agent: ABN AMRO Bank N.V., 250 Bishopsgate, London EC2M 4AA
- (viii) Clearing Agents: [Clearstream Banking AG]  
 [Centraal Instituut voor Giraal Effectenverkeer B.V. (Euroclear Netherlands)]  
 [Euroclear Bank S.A./N.V.]  
 [Clearstream Banking, société anonyme]  
 [SIS SegalInterSettle]  
 [specify other]
- (ix) Subscription Period: [ ] [Not Applicable]
- (x) Launch Date: [ ] [Not Applicable]
- (xi) "As, if and when issued trading": [ ] [Not Applicable]
- (xii) Announcements to Holders: [ ] [[Delivered to Clearing Agents]

## 7. Terms and Conditions of the Offer

- (i) Offer Price: [Issue Price/Not applicable/specify]
- (ii) Conditions to which the offer is subject: [ ] [Not Applicable]  
 [Offers of the Notes are conditional on their issue and, if any, on any additional conditions set out in the standard terms of business of the relevant licensed banks or financial intermediaries, notified to

investors by such relevant licensed banks or financial intermediaries.]

- (iii) Description of the application process: [ ] [[Not Applicable]]
- (iv) Details of the minimum and/or maximum amount of application: [ ] [[Not Applicable]]
- (v) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [ ] [[Not Applicable]]
- (vi) Details of the method and time limits for paying up and delivering the Notes: [ ] [[Not Applicable]]
- (vii) Manner in and date on which results of the offer are to be made public: [ ] [[Not Applicable]]
- (viii) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [ ] [[Not Applicable]]
- (ix) Categories of potential investors to which the Notes are offered: [ ] [[Not Applicable]]
- (x) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [ ] [[Not Applicable]]
- (xi) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [ ] [[Not Applicable]]
- (xii) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [ ] [[Not Applicable]]
- (xiii) The time period, including any Start of the offer period:

possible amendments, during which the offer will be open and description of the applications process:

[In respect of any jurisdiction, not earlier than the date on which all requirements necessary to enable any such offer in any such jurisdiction to be made in accordance with all applicable laws, rules and regulations in such jurisdiction.]

End of the offer period:

[ ]/[No later than the Issue Date]

[Investors will be notified by the relevant financial intermediary of their allocations of Notes and the settlement arrangements in respect thereof as soon as practicable after the end of the offer period.]

(xiv) Scale-back and cancellation and [ ] [Not Applicable]  
manner for refunding excess amount  
paid by applicants:

For the avoidance of doubt, these Final Terms may not be used in any country for the purposes of any public offer of the Notes other than as described above and, in such cases, only until the end of the offer period as described above, unless otherwise authorised by the Issuer.