



BARCLAYS BANK PLC

(Incorporated with limited liability in England and Wales)

BARCLAYS CAPITAL (CAYMAN) LIMITED

*(Incorporated with limited liability in the Cayman Islands)
(Guaranteed by Barclays Bank PLC)*

CREDIT LINKED SECURITIES PRIVATE PLACEMENT SUPPLEMENT UNDER THE GLOBAL STRUCTURED SECURITIES PROGRAMME

Offer and Sale of Credit Linked Securities

The Credit Linked Securities (the “**Credit Linked Securities**” or the “**Securities**”, which term includes any guarantee of the Bank, if applicable, the “**Guarantee**”) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States. Securities may initially be offered or sold in the United States only in accordance with Section 4(2) of the Securities Act to an “accredited investor” within the meaning of Rule 501(a) under the Securities Act. Securities may be issued either by Barclays Bank PLC (the “**Bank**”) or Barclays Capital (Cayman) Limited (“**BCCL**” and, together with the Bank, the “**Issuers**”). The Securities are direct, unsubordinated and unsecured obligations of the relevant Issuer ranking equally among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer (except for obligations preferred by law). Additionally, Securities issued by BCCL will have the benefit of the Guarantee from Barclays Bank PLC (in such capacity, the “**Guarantor**”). This Credit Linked Securities Private Placement Supplement and any supplement thereto comprises the “**CLS Private Placement Supplement**”. The Conditions of the Securities are set out in the CLS Private Placement Supplement (the “**CLS Base Conditions**”), subject to amendment and as supplemented in accordance with the applicable Final Terms (the “**Final Terms**”). The Base Prospectus (as defined below), the CLS Private Placement Supplement and the Final Terms for a Series of Securities will comprise the “**Offering Documents**”. Prospective investors should review such Offering Documents before making a decision as to whether or not to invest in such Series of Securities.

Investment Risks

The Securities are not principal protected. A Securityholder may lose some or all of its initial investment if a Relevant Event Determination Date occurs prior to the last day in the Notice Delivery Period. See “*Risk of Loss of Principal*” and “*Credit Events*” in “**Risk Factors**” below. If an Additional Disruption Event occurs, the relevant Issuer may, at its sole discretion, direct the Determination Agent to adjust the terms applicable to the Securities, and such changes may adversely affect the Securityholder’s economic interest in the Securities. Investing in the Securities involves a high degree of risk, and investors may lose some or all of their investments. Prospective investors should have regard to the risk factors described under the section headed “**Risk Factors**” herein.

Early Redemption

If no Credit Event occurs prior to the Extension Date and the Securities have not been otherwise redeemed by exercise of a Call Option, Put Option, or as the result of the occurrence of an Additional Disruption Event, each Security will be redeemed at its Final Cash Settlement Amount.

The relevant Issuer will redeem the Securities, in whole or, in certain circumstances, in part, if (i) a Credit Derivatives Determinations Committee resolves that a Credit Event with respect to the Reference Entity has occurred; (ii) if (a) a Credit Derivatives Determinations Committee resolves not to determine such matter or is not convened to determine such matter and (b) the Issuer determines that a Credit Event has occurred, in each case, on or prior to the Extension Date; (iii) after the

exercise of a Call Option by the Issuer or a Put Option by the Securityholder or (iv) at the Issuer's sole discretion after the occurrence of an Additional Disruption Event. In the case of (i) and (ii) above, the Securities will be redeemed at the Credit Event Redemption Amount. In the case of (iii) above, the Securities will be redeemed at the Optional Cash Settlement Amount. In the case of (iv) above, the Securities will be redeemed at the Early Cash Settlement Amount. For further details on what events constitute Credit Events and when Credit Events may occur, see "*What Are Credit Events?*" and "*What happens if a Credit Event occurs?*" and "*When can a Credit Event occur?*" in "*Questions and Answers*" below. For further details on redemption, see CLS Base Condition 5. A Credit Derivatives Determinations Committee will be convened upon the request of a participant in the credit derivatives market (seconded by one or, in certain cases, two members of such Credit Derivatives Determinations Committee) to resolve an issue with respect to a Reference Entity. For more details on the Credit Derivatives Determinations Committee and the determination process, see "*Description of the Credit Default Swap Market*" below.

If a Credit Derivatives Determinations Committee resolves that a Credit Event has occurred with respect to the Reference Entity, it may also resolve to hold one or more Auctions to determine the settlement price of certain obligations of the Reference Entity. If (i) an Auction is held which is applicable to the Securities, as determined in a commercially reasonable manner by the Determination Agent, and (ii) an Auction Final Price is determined pursuant to such Auction, the Credit Event Redemption Amount will be determined by reference to such Auction Final Price. Otherwise, the Credit Event Redemption Amount will be determined by reference to the Final Price determined by the Determination Agent through a poll of Dealers for an obligation of the Reference Entity selected by the relevant Issuer (or any obligation(s) for which such obligation may be exchanged) for purposes of Cash Settlement. For further details, see CLS Base Condition 5.5 and "*Auction Settlement Terms*" in "*Description of the Credit Default Swap Market*" below.

Credit Derivatives Determinations Committees were established in March 2009 to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. Barclays Bank PLC is a member of each of the Credit Derivatives Determinations Committees. In such capacity, it need not have regard to the interests of any Securityholders when taking any action or casting any vote. Further information about the Credit Derivatives Determinations Committees may be found at www.isda.org/credit.

Programme

Credit Linked Securities issued by Barclays Bank PLC will be Securities for the purposes of the Global Structured Securities Programme described in the Base Prospectus dated 6 August 2010 (as supplemented from time to time, the "**Base Prospectus**"). The CLS Private Placement Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus, which contains information about the Programme and the Issuers.

No Government Insurance or Guarantees

The Securities are not deposits of Barclays Bank PLC or any other insured institution and are not insured or guaranteed by the Federal Deposit Insurance Corporation, the UK Government credit guarantee scheme or any other government agency or instrumentality.

No Listing or Admission to Trading; No Rating

The Securities will not be listed or traded on any stock exchange and will not be rated.

Barclays Capital

17 August 2010

No Public Offer: The Securities are being offered only to a limited number of investors and no public offer of the Securities is being made in any jurisdiction. The distribution of the Offering Documents and the offer or sale of the Securities in certain jurisdictions may be restricted by law. This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offering or solicitation, and no action is being taken to permit an offering of the Securities or the distribution of this document in any

jurisdiction where action is required. Persons into whose possession the Offering Documents come are required by the Issuers and the Guarantor to inform themselves about and to observe any such restrictions. Details of selling restrictions for various jurisdictions are set out in the section headed “Purchase and Sale”. The information contained therein may be amended from time to time by the applicable Final Terms.

No Representations: In connection with the issue and sale of Securities, no person has been authorised to give any information or to make any representation not contained in or consistent with the Offering Documents and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor or any Manager. None of the Issuers or the Guarantor accepts responsibility for any information not contained in the Offering Documents. None of the Issuers, the Guarantor (if applicable) nor any Manager makes any representation or warranty whatsoever or accepts any responsibility with respect to any Reference Asset. None of the Issuers, the Guarantor (if applicable) nor any Manager makes any representation or warranty whatsoever or accepts any responsibility as to the effect or possible effect of the linking of any exercise rights or payments due under the Securities to the performance of any Reference Asset(s).

No Investment Advice: None of the Base Prospectus, the CLS Private Placement Supplement or any Final Terms is, nor does it purport to be, investment advice. Unless expressly agreed otherwise with a particular investor, none of the Issuers, the Guarantor nor any Manager is acting as an investment adviser or providing advice of any other nature, or assumes any fiduciary obligation, to any investor in Securities.

Definitions: Defined terms used herein can be found through the section headed “Index of Defined Terms”.

Change of Circumstances: The delivery of any of the Offering Documents and any sale of Securities pursuant thereto shall not, in any circumstances, create any impression that the information contained herein or therein or in the Base Prospectus concerning the Issuers or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Securities or the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

No Verification: No Manager has separately verified the information contained in the CLS Private Placement Supplement. Each potential purchaser of Securities should determine for itself the relevance of the information contained in the CLS Private Placement Supplement and the Base Prospectus, and its purchase of Securities should be based upon such investigation as it deems necessary.

Securities Act: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Securities are being offered and sold (i) in accordance with Section 4(2) of the Securities Act to “accredited investors” within the meaning of Rule 501(a) under the Securities Act, (ii) in accordance with Rule 144A of the Securities Act (“**Rule 144A**”) to “qualified institutional buyers” within the meaning of Rule 144A, (iii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act or (iv) pursuant to an exemption from registration under Rule 144 under the Securities Act (“**Rule 144**”), if available, in each case, in accordance with any applicable securities laws of any State of the United States. For a description of these and certain further restrictions on offers, sales and transfers of Securities and distribution of the Offering Documents see “Purchase and Sale” and “Clearance, Settlement and Transfer Restrictions” herein and in any applicable Final Terms.

THE SECURITIES AND THE GUARANTEE HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF SECURITIES OR THE ACCURACY OR THE ADEQUACY OF THE OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

No Regulatory Review: The contents of the CLS Private Placement Supplement have not been reviewed or approved by any regulatory authority.

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QUESTIONS AND ANSWERS

These questions and answers highlight selected information from this Credit Linked Securities Private Placement Supplement to help you understand Credit Linked Securities. You should read carefully the Offering Documents in their entirety to understand fully the terms of each issuance of Credit Linked Securities.

You should, in particular, carefully review the section entitled “Risk Factors”, which highlights certain risks, to determine whether an investment in Credit Linked Securities is appropriate for you. All of the information set forth below is qualified in its entirety by the CLS Base Conditions and the Final Terms applicable to an issuance of Securities. In particular, most of the information below is applicable to Single Name Credit Linked Securities but not any other type of Credit Linked Securities.

What are Credit Linked Securities?

Credit Linked Securities are securities, the value of which is linked to and/or contingent upon the creditworthiness of one or more Reference Entities specified in the applicable Final Terms. Following the occurrence of a Credit Event with respect to any such Reference Entity, Securityholders may lose some or all of their investment in the relevant issuance of Credit Linked Securities.

Following a Credit Event, if you are entitled to receive any amount in respect of principal, you may receive that amount after the Redemption Date, depending on the timing of the Credit Event and the timing of the determination of the Cash Settlement Amount.

Credit Linked Securities are not bank deposits and, therefore, are not insured or guaranteed by the Federal Deposit Insurance Corporation (the “FDIC”), the UK Government credit guarantee scheme or any other government authority. Credit Linked Securities are direct, unconditional, unsecured and unsubordinated debt obligations of the relevant Issuer, and will rank pari passu with all other unsecured and unsubordinated indebtedness of the Issuer subject to a preference in favor of certain deposit liabilities of the Issuer

or other obligations that are subject to any priorities or preferences. Additionally, Credit Linked Securities issued by BCCL will have the benefit of the Guarantee from the Guarantor.

In an insolvency of the Issuer or the Guarantor, you may lose your entire investment since the claims of holders of certain deposit liabilities and the claims of a receiver for administrative expenses will have priority over the claims of general unsecured creditors, including Securityholders.

Who may purchase Credit Linked Securities?

You may purchase Credit Linked Securities if you are an “accredited investor” within the meaning of Rule 501(a) under the Securities Act.

What are Credit Events?

The Credit Events applicable to Credit Linked Securities are: (a) certain events of bankruptcy or insolvency relating to a Reference Entity; (b) the failure by a Reference Entity (after the expiration of any applicable Grace Period) to make payments on one or more of its obligations to pay or repay borrowed money in an aggregate amount of not less than U.S.\$1,000,000 (or such other amount as may be specified in respect of a

Reference Entity in the applicable Final Terms or, in each case, its equivalent in any other currency at the time of the relevant event); and (c) the occurrence of certain restructurings of the Reference Entity's obligations to pay or repay borrowed money. For a more detailed description, please refer to the definitions of the terms Bankruptcy, Failure to Pay, and Restructuring set forth in the CLS Base Conditions.

What happens if a Credit Event occurs?

If a Credit Event occurs with respect to a Reference Entity, all or a portion of the relevant issuance of Credit Linked Securities will be redeemed early and, on the Credit Event Redemption Date, you will receive proceeds equal to the Credit Event Redemption Amount.

When can a Credit Event occur?

A Credit Event may occur at any time during the period from and including the Credit Event Backstop Date to and including the Extension Date.

The Credit Event Backstop Date is a rolling date which is: (i) if a Credit Derivatives Determinations Committee receives a request to resolve whether or not a Credit Event has occurred, 60 calendar days prior to the date of such request (regardless of whether the Credit Derivatives Determinations Committee resolves to determine such matter or not); or (ii) otherwise, 60 calendar days prior to the first date on which both the Credit Event Notice and the Notice of Publicly Available Information (if applicable) are delivered by the relevant Issuer and are effective during the Notice Delivery Period.

The Credit Event that is the subject of the Credit Event Notice and Notice of Publicly Available

Information need not be continuing on the Event Determination Date.

Can a Credit Event occur prior to the Trade Date?

Yes. The Credit Event Backstop Date may be prior to the Trade Date. Securityholders should conduct their own review of any recent developments with respect to a Reference Entity by consulting publicly available information. If a request to convene a Credit Derivatives Determinations Committee has been delivered prior to the Trade Date to determine whether a Credit Event has occurred with respect to a Reference Entity, details of such request may be found on the ISDA website at www.isda.org/credit. Even if a Credit Derivatives Determinations Committee has not been convened to determine such matter as of the Trade Date, one may still be convened after the Trade Date in respect of an event which occurs up to 60 days before the date of a request to convene such Credit Derivatives Determinations Committee.

Will I get all of my principal back?

You will receive your scheduled redemption amount (known as the "Final Cash Settlement Amount") on the Redemption Date absent the occurrence of a Credit Event or a Potential Failure to Pay on or prior to the Redemption Date and provided that the Securities have not already been redeemed as a result of the exercise of a Put Option, Call Option, or as the result of the occurrence of an Additional Disruption Event. If on or prior to the Extension Date a Credit Event occurs with respect to the Reference Entity, you will only get back an amount equal to the Credit Event Redemption Amount on the relevant Credit Event Redemption Date.

You may also lose some or all of your principal if the Issuer or the Guarantor (if applicable) becomes insolvent or another Event of Default occurs.

If Auction Settlement applies, who decides if one or more auctions will be held?

The relevant Credit Derivatives Determinations Committee may determine to hold one or more Auctions in order to settle affected transactions. Such determination requires the agreement of at least a majority of the voting members participating in a binding vote held in accordance with the CDDC Rules and is not eligible for external review.

Cash Settlement will apply if an Event Determination Date has occurred, the Conditions to Settlement have been satisfied and (a) no applicable Auction is held with respect to the relevant Reference Entity; (b) the relevant Credit Derivatives Determinations Committee resolves not to determine whether to hold an Auction; (c) the relevant Auction is cancelled; (d) an Event Determination Date is triggered by delivery of a Credit Event Notice and Notice of Publicly Available Information (if applicable) by the relevant Issuer and the related Credit Event is not submitted for deliberation by the Credit Derivatives Determinations Committee within 3 Business Days of such trigger; (e) the terms for determining “Deliverable Obligations” for an auction do not match the criteria for the Deliverable Obligations from which the Issuer shall select the Reference Obligation for purposes of Cash Settlement (as described in CLS Base Condition 5.5) or (f) the Determination Agent determines that Cash Settlement would be a more commercially reasonable manner of determining the Final Price for purposes of calculating the Credit Event Redemption Amount in circumstances where the Relevant Credit Event

is Restructuring and more than one Auction is held with respect thereto.

If Auction Settlement applies, what procedures govern an Auction?

For each Auction that is held, the International Swaps and Derivatives Association, Inc. (“ISDA”) will publish a set of Credit Derivatives Auction Settlement Terms. In order to publish the Credit Derivatives Auction Settlement Terms, the relevant Credit Derivatives Determinations Committee will make several related determinations, including the date of the auction and its timing, whether certain institutions can act as participating bidders in the auction and several supplemental terms. Since the CLS Cash Settlement Amount that Securityholders will receive will be calculated based upon the Auction Final Price determined for the relevant Reference Entity, any decision as to whether an auction will be held and as to the terms of such an auction may influence the ultimate recovery of the Securityholders.

What is the timing for an Auction?

If an Auction is held, it is expected that the relevant Auction Date will occur on the third Business Day immediately prior to the 30th calendar day to occur after the relevant Credit Derivatives Determinations Committee received the request from an eligible market participant (seconded by a member of the relevant Credit Derivatives Determinations Committee) to resolve whether a Credit Event has occurred with respect to a Reference Entity.

The Auction Settlement Date (which is expected to be the Credit Event Redemption Date if Auction Settlement applies) will occur on a Business Day following the Auction Final Price Determination Date (the date on which an

Auction Final Price is determined), as determined by the Credit Derivatives Determinations Committee and specified in the relevant Credit Derivatives Auction Settlement Terms. By way of example, recent Credit Derivatives Auction Settlement Terms have specified a date that is five Business Days following the Auction Final Price Determination Date.

For Auction Settlement, how is the Auction Final Price calculated?

The Auction Final Price is determined on the basis of bid and offer quotations given by institutions participating in the relevant auction, pursuant to an auction procedure (which is subject to amendment by the Credit Derivatives Determinations Committee in respect of any auction). These bid and offer quotations are made in respect of a representative credit derivative transaction on standard terms referencing the Reference Entity in respect of which a Credit Event has occurred and settled by for physical delivery of pre-determined obligations of such Reference Entity.

For Auction Settlement, what is the CLS Cash Settlement Amount?

Where Auction Settlement applies, the CLS Cash Settlement Amount will be an amount equal to the product of (a) the Nominal Amount or Calculation Amount of the relevant Credit Linked Security determined as at the relevant Event Determination Date and (b) the Auction Final Price (expressed as a percentage).

You should note that the amount received in respect of a Credit Linked Security (the “Credit Event Redemption Amount”) may be less than the CLS Cash Settlement Amount for such Security.

If the relevant Credit Event is a Restructuring, the relevant issuance of Credit Linked Securities may be subject to a partial redemption by the relevant Issuer.

For Cash Settlement, how is the Final Price determined?

Where Cash Settlement applies, the Final Price will be determined by the Determination Agent, based on the valuation of the relevant Deliverable Obligation selected by the relevant Issuer in its sole discretion as the Reference Obligation for purposes of Cash Settlement (or any obligation into which such Reference Obligation may be exchanged). The Issuer will generally select a Deliverable Obligation with the lowest market value as the Reference Obligation for Cash Settlement purposes.

For Cash Settlement, what is the CLS Cash Settlement Amount?

Where Cash Settlement applies, the CLS Cash Settlement Amount will be an amount equal to the product of (a) the Nominal Amount or Calculation Amount of the relevant Credit Linked Security determined as at the relevant Event Determination Date and (b) the Final Price (expressed as a percentage).

How much will I receive if my Credit Linked Securities, or a portion thereof, are redeemed following a Credit Event?

In the case of a redemption following a Credit Event, you will receive, in respect of each Credit Linked Security, the Credit Event Redemption Amount (which may be zero) which shall equal, unless otherwise specified in the applicable Final Terms, the CLS Cash Settlement Amount minus such Credit Linked Security’s pro rata share of the Settlement Expenses and Swap Costs.

How much will I receive if my Credit Linked Securities are partially redeemed by you following a Restructuring?

The relevant Issuer may exercise a partial redemption of your Credit Linked Securities if the relevant Credit Event is a Restructuring. The Issuer has sole discretion to decide whether it would exercise a partial redemption and the of Credit Linked Securities subject to such exercise.

What is the minimum required purchase?

You can purchase Credit Linked Securities in a minimum amount of U.S.\$250,000 (or equivalent) and in integral multiples of U.S.\$10,000 (or equivalent) above that.

Who is issuing the Credit Linked Securities?

The Credit Linked Securities may be issued by either the Bank or BCCL under this Credit Linked Securities Private Placement Supplement to the Global Structured Securities Programme described in the Base Prospectus dated 6 August 2010.

May I decide to redeem my Credit Linked Securities early?

No, unless “Put Option” is specified to apply in the applicable Final Terms, and the relevant conditions set forth in the CLS Base Conditions are satisfied, in which case Securityholders may redeem their Credit Linked Securities prior to the Redemption Date in accordance with the terms of the Put Option.

Can I sell my Credit Linked Securities?

You cannot sell or transfer the Credit Linked Securities to anyone except to us with our prior written consent or to an “accredited investor”

within the meaning of Rule 501(a) under the Securities Act.

When may the Issuer redeem my Credit Linked Securities?

If “Call Option” is specified to apply in the applicable Final Terms, and the relevant conditions set forth in the CLS Base Conditions are satisfied, the relevant Issuer may redeem your Credit Linked Securities prior to the Redemption Date in accordance with the terms of the Call Option.

If an Additional Disruption Event occurs, the Issuer may redeem your Credit Linked Securities at their Early Cash Settlement Amount on the Early Cash Redemption Date.

The Issuer will redeem all or a portion of your Credit Linked Securities following a Credit Event if an Event Determination Date occurs.

If no redemption occurs prior to the Redemption Date, the Issuer will redeem all of your Credit Linked Securities on the Redemption Date; provided that there is no extension of the maturity date due to a Potential Failure to Pay occurring on or prior to the Redemption Date.

What interest payments will I receive?

If interest is specified to apply in the applicable Final Terms, you will receive interest at the applicable interest rate on each Interest Payment Date as provided in the CLS Base Conditions (subject to any early redemption of the Credit Linked Securities).

Who is the Reference Entity, or who are the Reference Entities, whose credit will determine the amount of payments of principal I will receive on my Credit Linked Securities?

The Reference Entity, or Reference Entities, will be the entities specified as such in the applicable Final Terms, and any Successor(s) identified by the Determination Agent or the Credit Derivatives Determinations Committee.

How do the Credit Derivatives Determinations Committees affect my Credit Linked Securities?

In making certain determinations with respect to the Credit Linked Securities, the Determination Agent shall be obliged to follow resolutions of the Credit Derivatives Determinations Committees. These resolutions will pertain to: (i) the occurrence of a Credit Event; (ii) whether one or more auctions will be held in respect of any Reference Entity for which a Credit Event has occurred and the Auction Final Price determined in such auction; (iii) if one or more auctions is to be held, what obligations of the Reference Entity will be used for the purposes of determining the Auction Final Price for each such auction; (iv) the occurrence of a Succession Event and the identity of any Successors; and (v) the designation of Substitute Reference Obligations.

The Credit Derivatives Determinations Committees will be able to determine whether a Credit Event has occurred and the date of such Credit Event. These determinations require the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules. Each of these determinations may affect whether the relevant Issuer is entitled to deliver a Credit Event Notice and therefore whether an Event Determination Date will occur under the Credit Linked Securities.

Can a Credit Event only occur if a Credit Derivatives Determinations Committee determines that one has occurred?

No. Notwithstanding the scope of the Credit Derivatives Determinations Committees, the relevant Issuer may still deliver a Credit Event Notice even if a Credit Derivatives Determinations Committee has not resolved that a Credit Event has occurred, provided that a Credit Derivatives Determinations Committee has not resolved that a Credit Event has not occurred or is not currently convened to determine such matter.

What are the Credit Derivatives Determinations Committees?

There is a Credit Derivatives Determinations Committee for each of the following regions: (i) the Americas; (ii) Asia, excluding Japan; (iii) Australia and New Zealand; (iv) Europe, the Middle East and Africa; and (v) Japan. The Credit Derivatives Determinations Committee relevant for the relevant Credit Linked Securities will be the one constituted for the region applicable for the Transaction Type of a Reference Entity. For example, if the Transaction Type is “North America Corporate”, the Credit Derivatives Determinations Committee for the Americas will be the applicable committee.

Who sits on the Credit Derivatives Determinations Committees?

Each Credit Derivatives Determinations Committee is composed of fifteen voting members and three non-voting consultative members. Ten of the voting members are dealer institutions, with eight serving across all regions and two potentially varying by region. The other five voting members are non-dealer institutions that serve across all regions. The three non-voting consultative members consist of one dealer institution and one non-dealer institution that serve across all regions and one dealer institution that could potentially vary by region.

Barclays Bank PLC is a voting member of all five Credit Derivatives Determinations Committees as of the date of this Credit Linked Securities Private Placement Supplement.

What rules govern determinations of the Credit Derivatives Determinations Committees?

The Credit Derivatives Determinations Committees will act in accordance with the Credit Derivatives Determinations Committees Rules as published by ISDA on its website at www.isda.org/credit (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the “CDDC Rules”).

Is it possible to change a Reference Entity?

After the Trade Date, the Reference Entity may not be changed unless a Succession Event occurs with respect to the Reference Entity on or after the Succession Event Backstop Date and on or before the Extension Date.

What is a “Succession Event”?

A “Succession Event” means: (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to an agreement; and (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. A Succession Event will not include an event: (i) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such

exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event; or (ii) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date applicable to the relevant Credit Linked Securities.

What is a “Successor” to the Reference Entity and how can succession affect my investment?

If the Credit Derivatives Determinations Committee determines a sole Successor to the Reference Entity then this will be the Successor for the purposes of the relevant Credit Linked Securities.

If more than one successor entities are so identified by the Credit Derivatives Determinations Committee, the rights and obligations of the relevant Issuer and any holder of the relevant Credit Linked Securities shall be construed as if the Issuer had issued to such holder the same number of new credit linked securities in exchange for each Credit Linked Security existing prior to such Succession Event as there are Successors.

See CLS Base Conditions 7.1 and 7.2 for further details on Successors.

A Credit Event may occur with respect to a Successor on or after the legally effective date of the Succession Event.

When can a Succession Event occur?

A Succession Event may occur at any time from and including the Succession Event Backstop Date to and including the Extension Date.

The Succession Event Backstop Date is a rolling date which is: (i) if a Credit Derivatives Determinations Committee receives a request to resolve whether or not a Succession Event has occurred, 90 calendar days prior to the date of such request (regardless of whether the Credit Derivatives Determinations Committee resolves to determine such matter or not); or (ii) otherwise, 90 calendar days prior to the date on which notice of the occurrence of a Succession Event is delivered by the Determination Agent .

Can a Succession Event occur prior to the Trade Date?

Yes. The Succession Event Backstop Date may be prior to the Trade Date. Securityholders should conduct their own review of any recent developments with respect to the Reference Entity by consulting publicly available information. If a request has been delivered to convene a Credit Derivatives Determinations Committee prior to the Trade Date to determine whether a Succession Event has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website <http://www.isda.org/credit>. Even if a Credit Derivatives Determinations Committee has not been convened to determine such a matter as of the Trade Date, one may still be convened after the Trade Date in respect of an event which occurs up to 90 days before the date of a request to convene such Credit Derivatives Determinations Committee.

If a Credit Derivatives Determinations Committee resolves, and ISDA announces, that a Succession Event has occurred with respect to a Reference Entity prior to the Trade Date, then, for purposes of the Credit Linked Securities, the Reference Entity shall not be subject to such Succession Event.

In what circumstances might the Redemption Date of Credit Linked Securities be extended?

The Redemption Date of the relevant Credit Linked Securities may be extended if an Event Determination Date occurs prior to the Redemption Date, but the Credit Event Redemption Date occurs after the Redemption Date.

The Redemption Date of the relevant Credit Linked Securities may also be extended if a Potential Failure to Pay occurs on or prior to the Redemption Date and the related Extension Date occurs following the Redemption Date.

If a Credit Event has occurred but a Credit Event Notice has not yet been served on or prior to the Redemption Date, the relevant Issuer may elect to extend the maturity of the Securities by service of an Extension Notice. The Issuer may deliver a Credit Event Notice on or prior to the Securities Extension Date.

What is a Potential Failure to Pay? How does it affect me?

A “**Potential Failure to Pay**” is the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the payment requirement (which, unless stated otherwise with respect to the Reference Entity in the applicable Final Terms, is U.S.\$1,000,000 or its equivalent in any other currency at the time of the relevant Failure to Pay or Potential Failure to Pay) 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.

A Potential Failure to Pay will not become a Credit Event until the expiration of the lesser of

any applicable grace period (if the grace period cannot, by its terms, expire on or prior to the Redemption Date) and 30 calendar days from the date it occurred. However, the existence of such a delay in payment and potential failed payment suggests that a Credit Event may be likely.

If the Potential Failure to Pay is not cured during such grace period, it will become a Failure to Pay and in that case, you may receive payment of the Credit Event Redemption Amount after the Redemption Date. In that case, no further payments with respect to principal will be made.

How is it determined whether an Event Determination Date has occurred?

If a Credit Derivatives Determinations Committee resolves that a Credit Event has occurred with respect to a Reference Entity on or prior to the Extension Date, the relevant Issuer may deliver a Credit Event Notice prior to the Securities Extension Date.

The Issuer may still declare a Credit Event and deliver a Credit Event Notice and Notice of Publicly Available Information even if a Credit Derivatives Determinations Committee has not resolved that a Credit Event has occurred, provided that a Credit Derivatives Determinations Committee has not resolved that a Credit Event has not occurred.

The Issuer will determine whether a Credit Event has occurred with respect to the Reference Entity based upon Publicly Available Information. Sources for such Publicly Available Information include, among others: (i) the Publicly Available Information Sources; (ii) trustees, paying agents, agent banks and other similar persons with respect to the Reference Entity's obligations; (iii) filings made in bankruptcy or insolvency proceedings with respect to such Reference

Entity; and (iv) information contained in any order, decree or notice of a court, regulatory authority or similar judicial or administrative body.

There is no requirement that such Publicly Available Information state that certain objective and/or subjective criteria specified in respect of a Credit Event have been met. Rather, such Publicly Available Information need only reasonably confirm the facts relevant to the determination that a Credit Event has occurred.

If a Credit Derivatives Determinations Committee resolves that certain sources of information constitute Publicly Available Information then this will also constitute Publicly Available Information for the purposes of the relevant Credit Linked Securities.

Will the Issuer or the Securityholders own any obligations of the Reference Entity or have any other rights with respect to the Reference Entity by virtue of the issuance of the relevant Credit Linked Securities?

No, none of the relevant Issuer, the Guarantor (where applicable) or any Securityholder will own any obligations of the Reference Entity as a result of the issuance of the relevant Credit Linked Securities or constitute a creditor of or an investor in the Reference Entity for any purpose whatsoever as a result of the issuance of the relevant Credit Linked Securities. None of relevant the Issuer, the Guarantor (where applicable) or any Securityholder will have any other rights with respect to the Reference Entity (including, without limitation, rights to receive any payments from the Reference Entity) by virtue of the issuance of the relevant Credit Linked Securities.

However, the relevant Issuer and its affiliates may deal with the Reference Entity and/or in each Obligation or Reference Obligation and may, where otherwise permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, such Reference Entity, any affiliate of the Reference Entity, or any other person or entity having obligations relating to the Reference Entity, and may act with respect to such business in the same manner as if the relevant Credit Linked Securities did not exist, regardless of whether any such action might have an adverse effect on the Reference Entity or the Securityholders or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

The Issuer and its affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the Trade Date or any time thereafter, be in possession of information in relation to the Reference Entity that is or may be material in the context of the relevant Credit Linked Securities and that may or may not be publicly available or known to the Securityholder, and the issuance of the relevant Credit Linked Securities do not create any obligation to disclose any such relationship or information (whether or not confidential).

How can I get more information about a Reference Entity?

On the Issue Date, each Reference Entity will be specified in the applicable Final Terms. Information with respect to such Reference Entity may be obtained from publicly available documents. None of the Manager, the Bank or any of its affiliates will, in connection with the offering of the relevant Credit Linked Securities, participate in the preparation of such documents

or make any inquiry with respect to the Reference Entity. Accordingly, neither the Manager nor the Bank will be able to assure you that the publicly available information regarding such Reference Entity is accurate or complete. Furthermore, neither the Manager nor the Bank will be able to give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described above) that would affect the creditworthiness of such Reference Entity or the trading price of securities or other obligations of such Reference Entity have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such Reference Entity could affect the likelihood of a Credit Event and consequently the amount of principal payable with respect to the relevant Credit Linked Securities.

Is there any limit on how much I can earn on Credit Linked Securities?

The maximum return you can earn on Credit Linked Securities is limited by the interest rate on the relevant Credit Linked Securities as described in the CLS Base Conditions.

Is there any limit on how much I can lose on Credit Linked Securities?

If the relevant Issuer or the Guarantor (where applicable) becomes insolvent, you may lose your entire investment. If an Event Determination Date occurs, you may lose your entire investment.

How can I get information about the Bank?

The Bank is Barclays Bank PLC, which will be either the Issuer or Guarantor in respect of each issuance of Credit Linked Securities.

Information about the Bank may be found below in the section entitled “Information Incorporated by Reference” and in the Base Prospectus. Additional information with respect to the Bank may be obtained from publicly available documents filed by the Bank with the SEC or from other public sources.

Who is the Determination Agent?

The Bank will act as Determination Agent for Credit Linked Securities, unless otherwise specified in the applicable Final Terms.

What is the role of the Determination Agent and the Issuer in deciding certain issues related to the Credit Linked Securities?

The Bank, in its sole discretion and in its capacity as Determination Agent, may make certain determinations relating to Credit Linked Securities, including those related to whether a Succession Event has occurred and, if applicable, the identity of any Successors; provided however, that where a Credit Derivatives Determinations Committee has made a determination, the Determination Agent shall defer to such determination for the purposes of the relevant Credit Linked Securities. See CLS Base Condition 13.4 for further details on the role of the Determination Agent. Certain determinations related to whether a Credit Event or Potential Failure to Pay has occurred and whether or not to deliver a Credit Event Notice shall be made by the Issuer.

If a Credit Derivatives Determinations Committee has not made a determination on whether a Credit Event, a Potential Failure to Pay or a Succession Event has occurred, the Bank, in its sole discretion in its capacity as Determination Agent or Issuer, as applicable, may still declare a an Event Determination Date or a Potential

Credit Event or determine a Successor for the purposes of the relevant Credit Linked Securities, as applicable. Any such determinations will be made based on various terms and definitions as described in this Credit Linked Securities Private Placement Supplement.

If Cash Settlement applies, the relevant Issuer, in its sole discretion, will also identify the Deliverable Obligation (generally selecting the obligation of the relevant Reference Entity satisfying the relevant criteria with the lowest market value) that shall constitute the Reference Obligation for purposes of Cash Settlement. See CLS Base Condition 5.5 for further details.

Will Credit Linked Securities be rated by any rating agency?

Credit Linked Securities will not be rated by any rating agency.

Will Credit Linked Securities be listed on any securities exchange?

Credit Linked Securities will not be listed.

What are the tax implications of owning Credit Linked Securities?

See the section titled “Taxation” for further details on tax implications of owning Credit Linked Securities.

Is there a tax gross-up?

No, there is no tax gross-up. The relevant Issuer will not pay additional amounts to a Securityholder to compensate the Securityholder for any U.S. withholding taxes in respect of payments (including amounts attributable to original issue discount, if any) on Credit Linked Securities or for any other gross-up for any other withholding obligations. Any such withholding

would result in a lower net cash payment to the Securityholder.

Are there any risks associated with owning Credit Linked Securities?

Yes. Please refer to the “*Risk Factors*” section and the explanations of risks throughout this Credit Linked Securities Private Placement Supplement.

Note that, in addition to the credit risk of Reference Entities, Credit Linked Securities are subject to the credit risk of the Issuer and the Guarantor (where applicable). Fluctuations in the Guarantor’s credit ratings and credit spreads may adversely affect the market value of Credit Linked Securities. Investors are dependent on the Issuer’s and the Guarantor’s (where applicable) ability to pay all amounts due on Credit Linked Securities at maturity or on any other relevant payment dates, and therefore investors are subject to the Issuer’s and the Guarantor’s (where applicable) credit risk and to changes in the market’s view of the Issuer’s and the Guarantor’s (where applicable) creditworthiness. Any decline in the Guarantor’s credit ratings or increase in the credit spreads charged by the market for taking its credit risk is likely to adversely affect the value of Credit Linked Securities.

What market factors affect the value of Credit Linked Securities?

Both the interest rate market and credit market influence the value of Credit Linked Securities. The value of Credit Linked Securities would be affected by changes in interest rates. Changes in the credit market, such as changes in Reference Entity credit spreads would also affect the value of Credit Linked Securities. Typically, as a Reference Entity’s credit spreads become wider - which is a reflection of the market’s perception

that such Reference Entity is less creditworthy - the value of the relevant Credit Linked Securities will decline because of the increased likelihood of a Credit Event. While the interest rate market and credit market are the most relevant factors influencing the value of Credit Linked Securities, other factors may also be relevant in determining the value of Credit Linked Securities at any given point in time.

SUMMARY

Any decision to invest in the Securities should be based on a consideration of the sections of the CLS Private Placement Supplement which relate to the relevant Securities as a whole, including the documents incorporated by reference.

General Description of the Issuers

THE BANK AND THE GROUP

Barclays Bank PLC (the “**Bank**”) is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered and head office at 1 Churchill Place, London E14 5HP. The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

The Bank and its subsidiary undertakings (together, the “**Group**”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC (the “ **Holding Company**”), which is the ultimate holding company of the Group.

For more information, please refer to (i) the section headed “Information Incorporated by Reference”, (ii) the Base Prospectus or (iii) the Group’s investor relations website at <http://group.barclays.com/Investor-Relations>. Information on such website is not incorporated by reference in this document.

BARCLAYS CAPITAL (CAYMAN) LIMITED

Barclays Capital (Cayman) Limited (“**BCCL**”) was incorporated in the Cayman Islands on 24 July 1989 for an unlimited duration and registered on 26 July 1989. BCCL operates under Cayman Islands law with limited liability. BCCL’s registered office is at the offices of Barclays Private Bank & Trust (Cayman) Limited, P.O. Box 487GT, 4th Floor, FirstCaribbean House, 25 Main Street, George Town, Grand Cayman, Cayman Islands, British West Indies. Its registration number is 32968. BCCL is a wholly owned direct subsidiary of the Bank.

BCCL was established for the purpose of inter alia issuing notes, certificates and warrants and buying and selling options. It is the policy of the Directors to hedge fully the liabilities of BCCL arising under notes and warrants issued by BCCL.

BCCL is resident for tax purposes in the United Kingdom. For more information, please refer to (i) the section headed “Incorporation by Reference” or (ii) the Base Prospectus.

Summary of the Securities

Description: The Issuers may, subject to all applicable laws, regulations and directives, issue Credit Linked Securities pursuant to the Master Agency Agreement. Such Credit Linked

Securities and their Settlement Amount(s) will be linked to and/or contingent upon the performance of, or factor relating to, one or more Reference Asset(s).

“Reference Assets” are Reference Entities and their Obligations, Underlying Obligations, Underlying Obligors, Deliverable Obligations and/or Reference Obligations as set out in the applicable Final Terms.

The Securities are Credit Linked Securities and the terms of any Securities comprise the CLS Base Conditions, as modified and supplemented by the Final Terms.

Issuers:	The Bank or BCCL
Guarantor:	The Bank guarantees Securities issued by BCCL.
Managers:	Barclays Capital Inc. and any other Manager specified in the Final Terms.
Issue and Paying Agent:	The Bank of New York Mellon (“BNYM”)
Registrar:	BNYM
Determination Agent:	The Bank
Distribution:	Syndicated or non-syndicated.
Status of Securities:	Direct, unsubordinated and unsecured obligations of the Issuer ranking equally among themselves and with all other present and future unsecured and unsubordinated obligations (except for obligations preferred by law). Securities do not evidence deposits, are not insured or guaranteed by the Federal Deposit Insurance Corporation, the UK Government credit guarantee scheme or any other government agency or instrumentality.
Status of Guarantee:	A direct, unsecured and general obligation of the Guarantor ranking equally with all its existing and future unsecured obligations (except for obligations preferred by law).
No Listing:	Securities will not be listed.
No Rating:	Securities will not be rated.
Relevant Clearing Systems:	DTC, Euroclear, Clearstream, and/or any other clearing system specified in the Final Terms.
Expenses and Taxation:	Securityholders must pay all Taxes and/or Settlement Expenses, arising from the ownership, transfer, sale, redemption, exercise, cancellation of Securities and/or receipt or transfer of any Settlement Amount. All payments in respect of the Securities will be made subject to deduction for or on account of Taxes and/or Settlement Expenses, and there will be no obligation on the Issuer or the Guarantor (if applicable) to gross-up or redeem the Securities early as a result of any such deduction.
Governing Law:	English Law.
Issue Price:	The Issue Price may be par or at a discount to, or premium over, par.
Specified Denomination:	Securities may be issued in a minimum specified

	denomination of U.S.\$250,000 (or equivalent) and higher integral multiples of U.S.\$10,000 (or equivalent).
Form:	Securities will be issued in registered form and will be in either definitive form or global form.
Settlement if a Credit Event Occurs:	<p>Cash settlement only (subject to satisfaction of all applicable conditions precedent to payment (with respect to the Securityholders) and conditions to settlement (with respect to the Issuer), including payment or deduction of Taxes and Settlement Expenses).</p> <p>Settlement Amounts may be adjusted for costs, losses and expenses incurred (or expected to be incurred) by or on behalf of the Issuer in connection with the redemption or cancellation of the Securities.</p> <p>If all conditions precedent to payment to be satisfied by a Securityholder are not satisfied on or prior to any scheduled settlement date, settlement will not become due until such conditions precedent to payment have been satisfied in full. No additional amounts will be payable as a result of any such delay or postponement. If all conditions precedent to payment have not been satisfied within 180 calendar days (or such other period as specified in the Final Terms) of the relevant date, the relevant conditions precedent will not be capable of being satisfied and the Securityholder will have no claim against the Issuer or the Guarantor in relation to the Settlement Amount that would have been paid had the conditions precedent to payment been satisfied in full within the relevant period.</p>
Redemption of Securities at Maturity:	So long as no Event Determination Date following a Credit Event has occurred, and no other early redemption event (such as the exercise of a Put Option or Call Option or an Additional Disruption Event) has occurred, Securities will be redeemed at maturity at their Final Cash Settlement Amount.
Put Option:	If a Put Option is applicable and validly exercised, the relevant Securities will be redeemed early at their Optional Cash Settlement Amount.
Call Option:	If a Call Option is applicable and validly exercised, the relevant Securities may be redeemed early by the Issuer exercising such Call Option, at their Optional Cash Settlement Amount.
Consequences of an Additional Disruption Event:	The terms applicable to the Securities may be adjusted to preserve substantially the economic effect to the Issuer of issuing the relevant Securities and/or the Securities may be redeemed early at their Early Cash Settlement Amount.
Selling Restrictions	The offer and sale of the Securities and the distribution of the Offering Documents may be restricted in certain jurisdictions. See the section headed "Selling Restrictions" under "Purchase and Sale".

RISK FACTORS

Words and expressions defined elsewhere in the CLS Private Placement Supplement have the same meanings in this section. Investing in the Securities involves a high degree of risk, and Securityholders may lose some or all of their investments.

Prospective investors should note that the risks described below are not the only risks that the Issuers face or that may arise because of the nature of any particular Securities. The Issuers have described only those risks relating to the types of Securities which may be issued that they consider to be material. There may be additional risks that the Issuers currently consider not to be material or of which they are not currently aware, and any of these risks could have the negative effects set forth above. Prospective investors should seek independent financial advice where they do not fully understand the risks relating to the Securities.

Risks Relating to the Securities

General risk factors relating to the Securities are set forth in the Base Prospectus. There are additional risks relating to credit linked securities. The Securities are credit linked securities. Credit linked securities have a different risk profile to ordinary unsecured debt securities. The return on a credit linked security is linked to the credit risk of one or more Reference Entities and certain obligations of one or more Reference Entities underlying that credit linked security. Investing in a credit linked security is not equivalent to investing directly in shares of any Reference Entity or in any obligation of any Reference Entity, nor is it equivalent to investing in or hedging using over-the-counter derivatives.

Risk of Loss of Principal

Securityholders bear the risk of loss if any Relevant Credit Event occurs and the Conditions to Settlement, if any, are satisfied. Securityholders may receive less than their initial investment or nothing. The Credit Event Redemption Amount payable to Securityholders is likely to be less than the Calculation Amount as at the relevant Credit Event Redemption Date and, in certain circumstances, may be zero.

The Credit Event Redemption Amount will reflect the market value of the obligations of the Reference Entity in respect of which a Credit Event occurred less a deduction for Swap Costs. Swap Costs reflect the cost to the Issuer or the Guarantor of terminating, liquidating, obtaining or re-establishing any hedges, trading positions, term deposits or funding arrangements entered into by it or on its behalf in respect of the Securities. Swap Costs will be determined by the Determination Agent in its sole and absolute discretion taking into account, *inter alia*, the hedging strategy employed in respect of the Securities and prevailing funding rates, interest rates and credit spreads at the time of determination. Neither the Issuer nor the Guarantor is under any duty to hedge itself with respect to any Securities, nor is it required to hedge itself in a manner that will result in the lowest unwind costs. Securityholders should be aware that Swap Costs may be greater than the product of the Calculation Amount as at the Relevant Event Determination Date and the Final Price, in which case the Credit Event Redemption Amount will be zero.

Risk of Loss of Interest

Save as otherwise provided in the applicable Final Terms, no interest will accrue on the Securities (or, if so provided in the applicable Final Terms, portion of the applicable Calculation

Amount of each Security affected thereby) on or after the Interest Expiration Date which is determined by reference to the occurrence of a Relevant Credit Event.

Exposure to Reference Assets

Unless otherwise provided in the applicable Final Terms, purchasers of Securities are exposed to the credit risks and other risks associated with the Reference Assets consisting of the Reference Entities and their Obligations, Underlying Obligations, Underlying Obligors and Reference Obligations, and any relevant jurisdictional risks.

Synthetic Exposure

The Securities do not represent a claim against any Reference Entity and, in the event of any loss, purchasers of Securities will not have recourse under the Securities to any Reference Entity. Neither the Issuer nor the Guarantor is obliged to own or hold any Obligation or Reference Obligation, and no inference may be drawn from the CLS Private Placement Supplement or any applicable Final Terms that either the Issuer or the Guarantor holds any such Obligation or Reference Obligation or has any credit exposure to any Reference Entity. Unless otherwise provided in the applicable Final Terms, amounts payable under the Securities are not, in any direct or indirect way, limited by, associated with, or linked or calculated by reference to, any loss of bargain, cost of funding or any other actual loss or cost suffered by the Issuer or the Guarantor as a result of its holding or not holding any Obligation or Reference Obligation.

Issuer Discretion

The decision when and whether to deliver a Credit Event Notice and, if applicable, a Notice of Publicly Available Information, is at the sole and absolute discretion of the relevant Issuer. Such notices are effective when delivered to the Issue and Paying Agent. The delivery of or failure to deliver such notices to Securityholders will not affect the effectiveness of such notices.

Risks relating to the Credit Derivatives Definitions and Credit Derivatives Determinations Committee

Credit Derivatives Definitions

The CLS Base Conditions applicable to the Securities do not incorporate by reference the definitions and provisions of the 2003 ISDA Credit Derivatives Definitions, as amended by the supplements thereto including the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement (the "**July 2009 Supplement**") published on July 14, 2009 (the "**Credit Derivatives Definitions**"), and there may be differences between the definitions used in the CLS Base Conditions and the Credit Derivatives Definitions. Consequently, investing in Securities is not exactly equivalent to investing in a credit default swap that incorporates the Credit Derivatives Definitions.

While ISDA has published and supplemented the Credit Derivatives Definitions in order to facilitate transactions and promote uniformity in the credit derivative market, the credit derivative market has evolved over time and is expected to continue to change. Consequently, the Credit Derivatives Definitions and the terms applied to credit derivatives, including Securities, are subject to interpretation and further evolution. Past events have shown that the views of market participants may differ as to how the Credit Derivatives Definitions operate or should operate. As a result of the continued evolution in the market, interpretation of the Securities may differ in the future because of future market standards. Such a result may have a negative impact on the Securities.

There can be no assurances that changes to the terms applicable to credit derivatives generally will be predictable or favourable to the Issuer, the Guarantor or Securityholders. Future amendments or supplements to the terms applicable to credit derivatives generally will only apply to Securities that have already been issued if the Issuer, the Guarantor (where applicable) and the Securityholders agree to amend the Securities to incorporate such amendments or supplements and other conditions to amending the Securities have been met.

Credit Derivatives Determinations Committee

Credit Derivatives Determinations Committees were established pursuant to the March 2009 Supplement to the 2003 ISDA Credit Derivatives Definitions to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. As at the date of this document, Barclays Bank PLC is a member of each of the Credit Derivatives Determinations Committees. In such capacity, it need not have regard to the interests of any Securityholders when taking any action or casting any vote. Further information about the ISDA Credit Derivatives Determinations Committee may be found at www.isda.org/credit.

Whether or not a Credit Event or Succession Event has occurred, and certain decisions relating thereto, may be dependent on determinations made by the Credit Derivatives Determinations Committee. In certain circumstances, determinations made by the Determination Agent may be overridden by subsequent determinations made by the Credit Derivatives Determinations Committee. If the Issuer delivers a Credit Event Notice or the Determination Agent delivers a Succession Event Notice to a Securityholder, such Securityholder should be aware that such notice may be superseded by a determination of the Credit Derivatives Determinations Committee. In making any determination in its capacity as Determination Agent or Issuer, the Issuer may have regard to (and in certain circumstances, is bound by) decisions made by the Credit Derivatives Determinations Committee.

CLS Base Condition 7.4 (Securityholder's Representations) sets out certain representations relating to the Credit Derivatives Determinations Committees which are deemed to be made by each Securityholder.

Credit Events

Potential investors should note that not all Credit Events have easily ascertainable triggers and disputes can and have arisen as to whether a specific event did or did not constitute a Credit Event. However, under the CLS Base Conditions and subject to any subsequent determinations made by a Credit Derivatives Determinations Committee applicable to the Securities, the Issuer's determination of a Credit Event will, in the absence of manifest error, be conclusive and binding on all persons (including, without limitation, the Securityholders), notwithstanding the disagreement of such persons or other financial institutions, rating agencies, the Reference Entity or commentators.

Risks associated with settlement of a Credit Event by reference to an Auction Final Price

If "Auction Settlement" is specified as applicable in respect of any Security, then the amounts payable by and/or rights and obligations of the parties under such Security in respect of the relevant Reference Entity or Reference Obligation will be determined in accordance with the Auction Final Price (as defined in the CLS Base Conditions). The Securityholder is subject to the risk that a Final Price determined in accordance with an Auction may result in a lower recovery value than a Reference Entity or Reference Obligation would have if such Auction Final Price had not been used. Also, the Issuer or the Guarantor may have a conflict of interest to the

extent that it participates in any Auction or other process used to determine the Final Price and is under no obligation to consider the interests of Securityholders when so acting.

In its capacity as a Global Dealer Voting Member of each Credit Derivatives Determinations Committee, Barclays Bank PLC will be involved in deciding the terms relating to each Auction and is also required (subject to limited exceptions) to act as a participating bidder in each Auction. In such capacity, Barclays Bank PLC is under no obligation to consider the interests of Securityholders when making any decision relating to an Auction or when acting as a participating bidder.

If Auction Settlement is specified as applicable with respect to any Securities but the Credit Derivatives Determinations Committee does not decide to conduct an Auction with respect to obligations of the relevant 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 applicable Valuation Method.

Securityholders should note that they will not be able to deliver a Customer Physical Settlement Request (as defined in the Credit Derivatives Auction Settlement Terms) to the Issuer in respect of their holding of Securities.

Cash Settlement

If Cash Settlement is applicable with respect to Securities, then the Determination Agent will value the Reference Obligation by asking for quotations from Dealers. The date, time and method of such auction, and the selection of the Reference Obligation, will impact the Final Price. The Dealers selected by the Determination Agent must be financial institutions, funds or other entities that purchase or deal in obligations similar to the Reference Obligation and may include the Issuer, the Guarantor or an Affiliate; however, the Dealers have no duty towards any Securityholder and may not be aware that the purpose of the auction is to determine a Final Price for purposes of the Securities.

Portfolio Replacements, Succession Events, Substitute Reference Obligations and Exchanged Obligations

If specified in the applicable Final Terms, the Issuer, Guarantor or a third party (the “**Replacement Selector**”) may be entitled to effect replacements of the entities, obligations and amounts comprising a reference portfolio for a Series of Securities. Unless otherwise specified in the applicable Final Terms or any other agreement, the Replacement Selector may effect such replacements pursuant to any guidelines specified in the applicable Final Terms without regard to their effect on the value, market price or liquidity of any Securities or of the interests of any person other than the Replacement Selector. If the applicable Final Terms entitles the Replacement Selector to effect such replacements, unless otherwise specified the Replacement Selector shall have no obligation to effect a replacement of a Reference Obligation as a result of any change in the credit of such Reference Obligation or related Reference Entity and no such inference may be drawn from such applicable Final Terms.

Upon the occurrence of a Succession Event, one or more Successor Reference Entity(s) will (unless otherwise specified in the applicable Final Terms) be deemed to be a Reference Entity in replacement of (or in addition to, as applicable) the Reference Entity originally specified in the applicable Final Terms. Further, upon a Reference Obligation ceasing to exist in the manner specified in the definition thereof, a Substitute Reference Obligation may be selected.

If, following the occurrence of a Credit Event, a Deliverable Obligation which might have been selected as a Reference Obligation for purposes of Cash Settlement is exchanged into a package of one or more bonds, loans, instruments, certificates or any other obligations and/or equity (such package, the “**Exchanged Obligation**”), the Issuer may nonetheless select the Exchanged Obligation as the Reference Obligation for Cash Settlement purposes and determine the Final Price with respect to such Exchanged Obligation without regard to the effect on the value, market price or liquidity of any Securities or of the interests of any person other than the Issuer.

As a result of the circumstances discussed in the preceding three paragraphs, a Series of Securities may be linked to the credit of certain Reference Entities and its Obligations and Reference Obligations notwithstanding that such Reference Entities, Obligations and Reference Obligations were not specified in the applicable Final Terms upon issuance of such Series of Securities.

Securities subject to optional redemption by the Issuer after a Relevant Credit Event

The Issuer may redeem Securities (or, if so specified in the applicable Final Terms, a portion thereof) earlier than the stated Redemption Date if a Credit Event occurs and the Conditions to Settlement specified in the applicable Final Terms are satisfied.

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

At the time of such optional redemption, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed. Prospective Securityholders should consider such reinvestment risk in light of other investments available at the time.

Redemption After Redemption Date

Redemption may occur irrespective of whether the Relevant Credit Event is continuing on or after a Relevant Event Determination Date. The Credit Event Redemption Date may be later than the Redemption Date. If a Credit Event has occurred but a Credit Event Notice has not yet been served on or prior to the Redemption Date, the Issuer may elect to extend the maturity of the Securities by service of an Extension Notice. The Issuer may deliver a Credit Event Notice on or prior to the Securities Extension Date.

Redemption Failure/Alternative Settlement

If the Credit Event Redemption Amount cannot be paid when due as a result of a Redemption Failure Event, the Securityholder, after providing a release and indemnity to the satisfaction of the Issuer, may request such payment to be made to an account or person not affected by such Redemption Failure Event, provided that, if such Redemption Failure Event is continuing for 180 calendar days after the Redemption Date, the Issuer’s obligations in respect of such payment will be discharged.

Leverage

Certain Securities may be highly leveraged investments, including, without limitation, Securities linked to a notional amount of Reference Entities or Reference Obligations exceeding the Aggregate Nominal Amount of Securities or linked to the first-to-default or similar

arrangement of a reference portfolio. The use of leverage is a speculative investment technique to enhance returns. However, leverage also will magnify the adverse impact of Credit Events.

Hedging

In the ordinary course of their business, including without limitation in connection with their market-making activities, the Issuer, the Guarantor, the Manager and/or any Agent or any Affiliate of any of them (each such entity, a “**Programme Party**”) may effect transactions for their own account or for the account of their customers and hold long or short positions in any applicable Reference Obligation or related derivatives. In addition, in connection with the offering of the Securities, the Issuer, Guarantor and/or any other Programme Party may enter into one or more hedging transactions with respect to any applicable Reference Obligation or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, Guarantor and/or any other Programme Party, the Issuer, Guarantor and/or any other Programme Party may enter into transactions with respect to any applicable Reference Obligation or related derivatives which may affect the market price, liquidity or value of the Securities and which could be deemed to be adverse to the interests of the relevant Securityholders. The Issuer, Guarantor and/or any other Programme Party may pursue such hedging or related derivatives actions and take such steps as they deem necessary or appropriate to protect their interests without regard to the consequences for any Securityholder.

Independent Review and Advice

Each Securityholder is fully responsible for making its own investment decisions as to whether the Securities (i) are fully consistent with its (or if it is acquiring the Securities in a fiduciary capacity, the beneficiary’s) financial needs, objectives and conditions, (ii) comply and are fully consistent with all investment policies, guidelines and restrictions applicable to it (or its beneficiary) and (iii) are a fit, proper and suitable investment for it (or its beneficiary).

Securityholders are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions, including, without limitation, their own legal, financial, tax, accounting, credit, regulatory and other business evaluation of the risks and merits of investment in the Securities. Securityholders should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors.

Securityholders should be aware that none of the Issuer, the Guarantor or any Manager has any duty to conduct or accepts any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any Reference Entity and its Obligations, Underlying Obligations, Underlying Obligors, Reference Obligations and Deliverable Obligations. Securityholders are solely responsible for making their own independent appraisal of and investigation into such matters. Purchasers of the Securities may not rely on the views or advice of the Issuer or Guarantor for any information in relation to any person other than the Issuer or the Guarantor itself.

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

A credit rating reduction may result in a reduction in the trading value of the Securities

The value of the Securities may be expected to be affected, in part, by investors' general appraisal of the creditworthiness of the Group or any Reference Asset. Such perceptions are generally influenced by the ratings accorded to the outstanding securities of the Bank by standard statistical rating services, such as Moody's Investors Service Limited ("Moody's"), Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("S&P") and Fitch Ratings Ltd. ("Fitch"). A reduction in the rating, if any, accorded to outstanding debt securities of the Bank by one of these or other rating agencies could result in a reduction in the trading value of the Securities.

Adjustment to or early redemption or cancellation of the Securities and reinvestment risk following an Additional Disruption Event

If an Additional Disruption Event occurs, the relevant Issuer will either (i) request the Determination Agent to adjust the terms and conditions of the Securities to preserve substantially the economic effect to the Issuer of issuing the relevant Security (without the consent of the Securityholders) or (ii) procure the early redemption or cancellation of such Securities, in each case, in accordance with the CLS Base Conditions and the applicable Final Terms. An investor in such Securities should be aware that depending on the terms and conditions of the Security in question, the Early Cash Settlement Amount may be less than the Securityholder's initial investment. Following any such early redemption or cancellation of Securities, an investor in such Securities may not be able to reinvest the Early Cash Settlement Amount at any effective interest rate as high as the interest rate or yield on the Securities being redeemed or cancelled and may only be able to do so at a significantly lower rate. Investors in Securities should consider reinvestment risk in light of other investments available at that time.

Taxation

Potential purchasers of Securities should be aware that duties and other taxes and/or expenses, including any applicable depositary charges, transaction charges, stamp duty and other charges may be levied in accordance with the laws and practices in the countries where the Securities are transferred.

A holder of Securities must pay all Taxes and Settlement Expenses relating to the Securities. As used in the CLS Base Conditions, "**Settlement Expenses**" includes any expenses (other than in relation to Taxes) payable on or in respect of or in connection with the redemption, exercise or settlement of such Security or Securities, and "**Taxes**" means any tax, duty, impost, levy, charge or contribution in the nature of taxation or any withholding or deduction for or on account thereof, including any applicable stock exchange tax, turnover tax, stamp duty, stamp duty reserve tax and/or other taxes, duties, assessments or governmental charges of whatever nature chargeable or payable and includes any interest and penalties in respect thereof.

The relevant Issuer is not liable for or otherwise obliged to pay any Taxes or Settlement Expenses and all payments made by the Issuer will be made subject to any such Taxes or Settlement Expenses which may be required to be made, paid withheld or deducted. **The Issuer is not obliged to redeem the Securities early as a result of, or make any additional payments to Securityholders in respect of, any such Taxes or Settlement Expenses.**

The information on taxation contained in the CLS Private Placement Supplement is based on the law and practice currently in force in the UK and the U.S. and is subject to change. The effect of the current taxation regimes in the UK and the U.S. may vary depending upon the individual circumstances of an investor. The levels and bases of, and reliefs from, taxation can also change. The Issuers cannot give any assurance as to the actual tax treatment of the Securities, or of a

particular investor as a result of the purchase, holding, sale, redemption or exercise of a Security.

Under recently enacted legislation, individuals that own “specified foreign financial assets” with an aggregate value in excess of \$50,000 in taxable years beginning after March 18, 2010 will generally be required to file an information report with respect to such assets with their tax returns. “Specified foreign financial assets” include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-US persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in foreign entities.

Potential purchasers of Securities 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. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

No Guarantee of Performance

The Securities constitute direct, unsubordinated and unsecured obligations of the Issuer that are linked to the credit risk of the Reference Entities and their Obligations, Underlying Obligations, Underlying Obligors and/or Reference Obligations. No Programme Party guarantees the performance of or otherwise stands behind the performance of any such Reference Asset or is under any obligation to make good losses suffered as a result of Credit Events.

No Obligation to Provide Information

The Programme Parties, whether by virtue of the types of relationships described herein or otherwise, may possess information in relation to any Reference Entity, any Affiliate of a Reference Entity, its Obligations, Underlying Obligations, Underlying Obligors and/or any Reference Obligation or any guarantor that is or may be material in the context of the Securities and that may or may not be publicly available or known to the Securityholders or any other person. The Securities will not create any obligation on the part of any of the Programme Parties to disclose any such relationship or information (whether or not confidential).

No Representations

None of the Programme Parties makes any representation, express or implied, as to any Reference Entity or any Reference Obligation or the credit quality thereof, or any information contained in any documents provided by any Reference Entity or filed by a Reference Entity with any exchange or with any governmental authority.

Additional Risk Factors, Disclaimers and Considerations

Securities may be issued subject to additional disclaimers and considerations in respect of risk and tax consequences involved in investing in such Securities. The text of such additional disclaimers and considerations (if any) will be set out in full in the Final Terms. Prospective purchasers should understand the risks, regulatory and tax implications associated with an investment in the Securities and should only reach an investment decision after careful consideration with their legal, tax, accounting and other advisers, of the suitability of an investment in the Securities in the light of all the information set out in the CLS Private Placement Supplement and the applicable Final Terms.

Risks Relating to the Issuers

Detailed risk factors relating to the Bank, the Group and BCCL are set forth under the Risk Factors section of the Base Prospectus.

INFORMATION INCORPORATED BY REFERENCE

The following information (unless otherwise expressly stated below) shall be deemed to be incorporated in, and to form part of, the CLS Private Placement Supplement:

In respect of information relating to the Bank, the Group and the Holding Company:

- the joint Annual Report of the Bank and Barclays PLC, as filed with the U.S. Securities and Exchange Commission (“SEC”) on Form 20-F in respect of the years ended 31 December 2008 and 31 December 2009 (the “**Joint Annual Report**”), with the exception of the information incorporated by reference in the Joint Annual Report referred to in the Exhibit Index of the Joint Annual Report, which shall not be deemed to be incorporated in this CLS Private Placement Supplement; and
- the Annual Reports of the Bank containing the audited consolidated accounts of the Bank in respect of the years ended 31 December 2008 (the “**2008 Bank Annual Report**”) and 31 December 2009 (the “**2009 Bank Annual Report**”), respectively; and
- the Interim Management Statement of Barclays PLC for the three months ended 31 March 2010, issued on 30 April 2010, with the exception of the Chief Executive’s comments shown in italics on page one of the statement (the “**Interim Management Statement**”); and
- the unaudited Interim Results Announcement of Barclays PLC as filed with the SEC on Form 6-K on Film Number 10994321 on 5 August 2010 in respect of the six months ended 30 June 2010 (the “**Interim Management Announcement**”) and the unaudited Interim Results Announcement of the Bank in respect of the six months ended 30 June 2010 (the “**Bank Interim Management Announcement**”) with the exception of the sections headed “Performance Highlights”, “Group Chief Executive’s Review” and “Group Finance Director’s Review” on pages 2-8 inclusive of the Bank Interim Results Announcement which shall not be deemed to be incorporated in this CLS Private Placement Supplement.

In respect of information relating to BCCL:

- the Annual Reports of BCCL containing the audited accounts of BCCL in respect of the years ended 31 December 2008 (the “**2008 BCCL Annual Report**”) and 31 December 2009 (the “**2009 BCCL Annual Report**”), respectively. The above documents may be inspected at the registered office of each Issuer and at the specified office of the Issue and Paying Agent as described in the section headed “General Information” of this document.

The table below sets out the relevant page references for all of the information contained within the Joint Annual Report as filed on Form 20-F:

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Each of the Bank and Barclays PLC has applied International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union in the financial statements incorporated by reference above. A summary of the significant accounting policies for each of the Bank and Barclays PLC is included in each of the Joint Annual Report, the 2008 Bank Annual Report and the 2009 Bank Annual Report.

INFORMATION RELATING TO THE ISSUERS

THE BANK AND THE GROUP

The Bank is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, telephone number +44 (0)20 7116 1000. The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

The Group is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, United States, Africa and Asia. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

As of the date of this Credit Linked Securities Private Placement Supplement, the short term unsecured obligations of the Bank are rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch and the long-term obligations of the Bank are rated AA- by S&P, Aa3 by Moody's and AA- by Fitch.

Based on the Group's audited financial information for the year ended 31 December 2009, the Group had total assets of £1,379,148 million (2008: £2,053,029 million), total net loans and advances of £461,359 million (2008: £509,522 million), total deposits of £398,901 million (2008: £450,443 million), and total shareholders' equity of £58,699 million (2008: £43,574 million) (including non-controlling interests of £2,774 million (2008: £2,372 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2009 was £4,559 million (2008: £5,094 million) after impairment charges and other credit provisions of £8,071 million (2008: £5,419 million).

Profit after tax for the year ended 31 December 2009, including discontinued operations and the sale of Barclays Global Investors, was £10,289 million (2008: £,249 million). The financial information in this paragraph is extracted from the audited Annual Report of the Group for the year ended 31 December 2009.

Based on the Group's unaudited financial information for the six months ended 30 June 2010, the Group had total assets of £1,587,806 million, total net loans and advances¹ of £494,190 million, total deposits² of £455,297 million, and total shareholders' equity of £61,720 million (including non-controlling interests of £3,016 million). The profit before tax from continuing operations of the Group for the six months ended 30 June 2010 was £3,947 million after impairment charges on loans and advances and other credit provisions of £3,080 million. The financial information in this paragraph is extracted from the unaudited Bank Interim Results Announcement for the six months ended 30 June 2010.

Acquisitions, Disposals and Recent Developments

Acquisition of Tricorona AB (publ)

On 2 June 2010, Barclays PLC announced that its wholly owned subsidiary TAV AB has made a recommended cash offer to acquire all the shares in Tricorona AB (publ), a Stockholm-listed carbon developer, for a total consideration of approximately £98 million (SEK 1,130 million)

(for this purpose the "Offer"). The Offer was declared unconditional in all respects on 20 July 2010.

Sale of HomeEq Servicing

On 28 May 2010, the Bank announced that it has agreed to sell HomeEq Servicing, its U.S. mortgage servicing business, to Ocwen Loan Servicing, LLC ("Ocwen"), a subsidiary of Ocwen Financial Corporation, for a consideration of approximately U.S.\$1.3 billion, payable in cash on completion. The consideration is subject to an adjustment mechanism based on the unpaid principal balance of the servicing portfolio and the value of certain other assets at completion of the transaction. As part of the transaction, the Bank has agreed to provide Ocwen with approximately U.S.\$1.0 billion in secured financing and may assist Ocwen in raising additional third party financing. Completion is subject to customary conditions, including competition clearance, and is expected to occur in the third quarter of 2010.

Exercise of the warrants

On 17 February 2010, Barclays PLC received notice of the exercise by PCP Gulf Invest 3 Limited, owned by Nexus Capital Investing Limited, of 626.8 million of the 758.4 million warrants it holds in Barclays PLC for an aggregate exercise price of approximately £1,240 million, resulting in the issue of 626.8 million new ordinary shares in Barclays PLC. *Acquisition of Citi's Italian credit card business*

On 11 February 2010, Barclays PLC announced that the Bank agreed to acquire the Italian credit card business of Citibank International Bank plc. The Bank will acquire the business as a going concern which involves the acquisition of approximately 197,000 credit card accounts and gross assets of approximately €234 million (as at 31 December 2009). The acquisition was completed on 31 March 2010.

Sale of Barclays Global Investors

On 12 June 2009, Barclays PLC announced receipt of a binding offer for the Barclays Global Investors business and on 16 June 2009 announced acceptance of such offer. The sale of Barclays Global Investors business to BlackRock, Inc. was completed on 1 December 2009 for U.S.\$15.2 billion (£9.5 billion), including 37.567 million new BlackRock shares.

Acquisition of Standard Life Bank

On 26 October 2009, Barclays PLC announced that the Bank had agreed to acquire Standard Life Bank Plc from Standard Life Plc for a consideration of £227 million. The acquisition was completed on 1 January 2010.

Acquisition of Citi's Portuguese credit card business

On 29 September 2009, Barclays PLC announced that the Bank, acting through its Portuguese branch, had agreed to acquire approximately 400,000 credit card accounts (representing gross assets of approximately €644 million (as at 30 June 2009)) from Citibank International plc, Sucursal em Portugal. The acquisition was completed on 1 December 2009.

Restructuring of credit market assets

On 16 September 2009 Barclays PLC announced the restructuring of U.S.\$12.3 billion of credit market assets. Further information is included in the Joint Annual Report incorporated by reference.

Life insurance joint venture

On 10 September 2009 the Bank and CNP Assurances SA (“CNP”) confirmed the establishment of a long-term life insurance joint venture in Spain, Portugal and Italy. As part of this transaction, the Bank sold a 50 per cent stake in Barclays Vida y Pensiones Compañía de Seguros, a Barclays Iberian life insurance and pensions subsidiary, to CNP for €165 million.

Competition and regulatory matters

The scale of regulatory change remains challenging and the global financial crisis is resulting in a significant tightening of regulation and changes to regulatory structures globally, especially for banks that are deemed to be of systemic importance. Concurrently, there is continuing political and regulatory scrutiny of the operation of the banking and consumer credit industries in the UK and elsewhere which, in some cases, is leading to increased or changing regulation. For example, the UK Chancellor of the Exchequer has proposed reallocating the FSA’s current responsibilities between the Bank of England and a new Consumer Protection and Markets Authority by the end of 2012 and has tasked an independent commission with reviewing the UK banking system, in particular focusing on competition issues and the possible splitting of retail and investment banking operations, with findings and recommendations expected by September 2011. As part of an Emergency Budget, the Chancellor also announced a new bank levy, which will apply to certain UK banks and building societies and the UK operations of foreign banks from 1 January 2011. The Bank expects to be subject to the new levy but cannot, as at the date of this CLS Private Placement Supplement, quantify its potential exposure. In the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act contains far reaching regulatory reform. Whilst focused on U.S. financial institutions, many provisions will significantly affect companies such as the Bank although the full impact will not be known until implementing rules are made by governmental authorities. The nature and impact of future changes in the legal framework, policies and regulatory action cannot currently be fully predicted and are beyond the Group’s control but, especially in the area of banking regulation, are likely to have an impact on the Group’s businesses and earnings.

The market for payment protection insurance (“PPI”) has been under scrutiny by the UK competition authorities and financial services regulators. Following a reference from the Office of Fair Trading (“OFT”), the UK Competition Commission (“CC”) undertook an in-depth enquiry into the PPI market. The CC published its final report on 29 January 2009 concluding that the businesses which offer PPI alongside credit face little or no competition when selling PPI to their credit customers. In March 2009, the Bank submitted a targeted appeal focused on the prohibition on sale of PPI at the point of sale (“POSP”) remedy on the basis that it was not based on sound analysis, and is unduly draconian. The Competition Appeals Tribunal (“CAT”) upheld the Bank’s appeal on two grounds, meaning that the CC will be required to reconsider the POSP remedy and the basis for it, and made an order to that effect on 26 November 2009. This remittal process is expected to take until the autumn of 2010, at which time the CC will publish its final Remedies Order.

Separately, in 2006, the FSA published the outcome of its broad industry thematic review of PPI sales practices in which it concluded that some firms fail to treat customers fairly and that the FSA would strengthen its actions against such firms. Tackling poor PPI sales practices remains a priority for the FSA. In September 2009, the FSA issued a Consultation Paper on the assessment and redress of PPI complaints made on or after 14 January 2005. It was expected that the FSA would issue a final version of its policy statement in February or March 2010. The FSA will publish a final version of the policy statement, by way of an amendment to the DISP (Dispute Resolution: Complaints) rules in the FSA Sourcebook. It is anticipated that the final rules will be published in August 2010. The Bank voluntarily complied with the FSA’s request to cease selling single premium PPI by the end of January 2009.

The OFT has carried out investigations into Visa and MasterCard credit card interchange rates. A decision by the OFT in the MasterCard interchange case was set aside by the CAT in 2006. The OFT is progressing its investigations in the Visa interchange case and a second MasterCard interchange case in parallel and both are ongoing. The outcome is not known but these investigations may have an impact on the consumer credit industry in general and therefore on the Group's business in this sector. In 2007, the OFT expanded its investigation into interchange rates to include debit cards.

Notwithstanding the Supreme Court ruling in relation to the test case, the Bank continues to be involved in the OFT's work on personal current accounts ("PCAs"). The OFT initiated a market study into PCAs in the UK in 2007 which also included an examination of other retail banking products, in particular savings accounts, credit cards, personal loans and mortgages in order to take into account the competitive dynamics of UK retail banking. In 2008, the OFT published its market study report, in which it concluded that certain features of the UK PCA market were not working well for consumers. The OFT reached the provisional view that some form of regulatory intervention is necessary in the UK PCA market. The OFT also held a consultation to seek views on the findings and possible measures to address the issues raised in its report. In October 2009, the OFT published a follow-up report containing details of voluntary initiatives in relation to transparency and switching agreed between the OFT and the industry. A further follow-up report was published in March 2010 providing details of voluntary initiatives and working practices agreed in relation to certain aspects of charging structures. The Group has participated fully in the market study process and will continue to engage with the working parties.

U.S. laws and regulations require compliance with U.S. economic sanctions, administered by the Office of Foreign Assets Control, against designated foreign countries, nationals and others. HM Treasury regulations similarly require compliance with sanctions adopted by the UK government. The Group has been conducting an internal review of its conduct with respect to U.S. Dollar payments involving countries, persons and entities subject to U.S. economic sanctions and has been reporting the results of that review to various governmental authorities, including the U.S. Department of Justice, the New York County District Attorney's Office and the Office of Foreign Assets Control, which have been conducting investigations of the matter. The Group is in advanced discussions with these and other authorities with respect to a possible resolution of the investigations. The Bank provided £194 million in the first half of 2010 in relation to the possible resolution of this matter. The Bank has also kept the FSA informed of the progress of the U.S. investigations and the Group's internal review and will continue to do so.

Directors

The Directors of the Bank, each of whose business address is 1 Churchill Place, London E14 5HP, their functions in relation to the Group and their principal outside activities (if any) of significance to the Group are as follows:

<u>Name</u>	<u>Function(s) within the Group</u>	<u>Principal outside activities</u>
Marcus Agius	Group Chairman	Non-Executive Director, British Broadcasting Corporation
John Varley	Group Chief Executive	Non-Executive Director, AstraZeneca PLC, Non-Executive Director, BlackRock, Inc.
Chris Lucas	Group Finance Director	—

<i>Name</i>	<i>Function(s) within the Group</i>	<i>Principal outside activities</i>
Robert E Diamond Jr	President, Barclays PLC, Chief Executive, Investment Banking and Investment Management	Chairman, Old Vic Productions PLC, Non-Executive Director, BlackRock, Inc.
Sir Richard Broadbent	Deputy Chairman, Senior Independent Director and Non-Executive Director	Chairman, Arriva plc
Alison Carnwath	Non-Executive Director	Non-Executive Chairman, Land Securities Group plc, Senior Independent Director, Man Group plc, Non Executive Director, Paccar Inc, Non- Executive Partner, ISIS EP LLP Chairman, Qantas Airways Limited.
Leigh Clifford	Non-Executive Director	Chairman, Qantas Airways Limited
Fulvio Conti	Non-Executive Director	Chief Executive Officer, Enel SpA, Director, AON Corporation
Simon Fraser	Non-Executive Director	Non-Executive Director, Fidelity Japanese Values Plc and Fidelity European Values Plc, Chairman, Foreign & Colonial Investment Trust PLC, Chairman, Merchants Trust PLC
Reuben Jeffery III	Non-Executive Director	Senior Adviser, Center for Strategic & International Studies, Independent Directors, Transatlantic Holdings Inc.
Sir Andrew Likierman	Non-Executive Director	Dean of London Business School, Chairman, National Audit Office
Dambisa Moyo	Non-Executive Director	Non-Executive Director, SAB Miller plc, Non-Executive Director, Lundin Petroleum AB
Sir Michael Rake	Non-Executive Director	Chairman, BT Group PLC, Director, McGraw-Hill Companies, Director, Financial Reporting Council, Chairman, UK Commission for Employment and Skills, Chairman, Easyjet PLC
Sir John Sunderland	Non-Executive Director	Director, Financial Reporting Council, Chairman, Merlin Entertainments Group

No potential conflicts of interest exist between any duties to the Bank of the Directors listed above and their private interests or other duties.

Employees

The average number of persons employed by the Group worldwide during 2009 (full time equivalents) was 144,200 (2008: 152,800).

Litigation

The Bank, Barclays PLC and various current and former members of Barclays PLC's Board of Directors have been named as defendants in five proposed securities class actions (which have been consolidated) pending in the United States District Court for the Southern District of New York. The consolidated amended complaint, dated 12 February 2010, alleges that the registration statements relating to American Depositary Shares representing Preferred Stock, Series 2, 3, 4 and 5 ("ADS") offered by the Bank at various times between 2006 and 2008 contained misstatements and omissions concerning (amongst other things) Barclays portfolio of mortgage-related (including U.S. sub-prime-related) securities, the Bank's exposure to mortgage and credit market risk and the Bank's financial condition. The consolidated amended complaint asserts claims under Sections 11, 12(a)(2) and 15 of the U.S. Securities Act of 1933. The Bank considers that these ADS-related claims against it are without merit and is defending them vigorously. It is not possible to estimate any possible loss in relation to these claims or any effect that they might have upon operating results in any particular financial period.

On 15 September 2009, motions were filed in the United States Bankruptcy Court for the Southern District of New York (the "Court") by Lehman Brothers Holdings Inc. ("LBHI"), the SIPA Trustee for Lehman Brothers Inc. (the "Trustee") and the Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc. (the "Committee"). All three motions challenge certain aspects of the transaction pursuant to which Barclays Capital Inc. ("BCI") and other companies in the Group acquired most of the assets of Lehman Brothers Inc. ("LBI") in September 2008 and the court order approving such sale. The claimants seek an order: voiding the transfer of certain assets to BCI; requiring BCI to return to the LBI estate alleged excess value BCI received; and declaring that BCI is not entitled to certain assets that it claims pursuant to the sale documents and order approving the sale. On 16 November 2009, LBHI, the Trustee and the Committee filed separate complaints in the Bankruptcy Court asserting claims against BCI based on the same underlying allegations as the pending motions and seeking relief similar to that which is requested in the motions. On 29 January 2010, BCI filed its response to the motions. The Bank considers that the motions and claims against BCI are without merit and BCI is vigorously defending its position. On 29 January 2010, BCI also filed a motion seeking delivery of certain assets that LBHI and LBI have failed to deliver as required by the sale documents and the court order approving the sale. The Court commenced a hearing in mid-April 2010, and claimants completed the presentation of their fact evidence on 25 June 2010. The Bank is scheduled to present its evidence to the Court during the period from 23 August 2010 to 24 September 2010 and closing arguments are expected to be made before the end of 2010. It is not possible to estimate any possible loss to the Bank in relation to these matters or any effect that these matters might have upon operating results in any particular financial period.

Barclays PLC and the Group are engaged in various other litigation proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against them which arise in the ordinary course of business. The Bank does not expect the ultimate resolution of any of the proceedings to which the Group is party to have a significant adverse effect on the financial position of the Group and the Bank has not disclosed the contingent liabilities associated with these claims either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the conduct of the claims.

Save as disclosed in paragraphs 1 and 2 of this section entitled "Litigation", no member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), which may have or have had during the 12 months preceding the date of this CLS Private Placement Supplement, a significant effect on the financial position or profitability of the Bank and/or the Group.

Significant Change Statement

There has been no significant change in the financial or trading position of the Bank or the Group since 30 June 2010.

Material Adverse Change Statement

There has been no material adverse change in the prospects of the Bank or the Group since 31 December 2009.

Auditors

The annual consolidated and unconsolidated financial statements of the Bank for the two years ended 31 December 2008 and 31 December 2009 have been audited without qualification by PricewaterhouseCoopers of Southwark Towers, 32 London Bridge Street, London SE1 9SY, chartered accountants and registered auditors (authorised and regulated by the Financial Services Authority for designated investment business). The financial information contained in this CLS Private Placement Supplement in relation to the Bank does not constitute its statutory accounts for the two years ended 31 December 2009. The Bank's annual report and accounts (containing its consolidated and unconsolidated audited financial statements), which constitute the Bank's statutory accounts within the meaning of section 434 of the Companies Act 2006 relating to each complete financial year to which such information relates, have been delivered to the Registrar of Companies in England. PricewaterhouseCoopers has reported on the Bank's statutory accounts, and such reports were unqualified and did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006. PricewaterhouseCoopers' report contained the following statement: "Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose to any person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

BARCLAYS CAPITAL CAYMAN LIMITED

Barclays Capital (Cayman) Limited ("**BCCL**") was incorporated in the Cayman Islands on 24 July 1989 for an unlimited duration and registered on 26 July 1989. BCCL operates under Cayman Islands law with limited liability. BCCL's registered office is at the offices of Barclays Private Bank & Trust (Cayman) Limited, P.O. Box 487GT, 4th Floor, FirstCaribbean House, 25 Main Street, George Town, Grand Cayman, Cayman Islands, British West Indies. Its registration number is 32968. BCCL is a wholly-owned direct subsidiary of the Bank.

BCCL was established for the purpose of *inter alia* issuing notes, certificates and warrants and buying and selling options. It is the policy of the Directors to hedge fully the liabilities of BCCL arising under notes and warrants issued by BCCL.

BCCL is resident for tax purposes in the United Kingdom.

Share Capital

The following table sets out the capitalisation of BCCL as at the date of this CLS Private Placement Supplement.

Authorised:	1,000 Ordinary shares of US\$10 each
	100,000,000 Preference Shares of £0.01 each

Allotted and
fully paid:

10 Ordinary shares of U\$10 each

As at the date hereof, BCCL does not have any loan capital outstanding or created but unissued, term loans, any other borrowings or indebtedness in the nature of borrowing, bank overdrafts or liabilities under acceptances, acceptance credits, hire purchase commitments, obligations under finance leases, guarantees or other contingent liabilities.

Directors

The Board of Directors of BCCL consists of:

<i>Name</i>	<i>Function within BCCL</i>	<i>Principal Occupation</i>
Eric Didier Bommensath	Director	Investment Banker
Benoit de Vitry	Director	Investment Banker
Kate Elizabeth Pothalingam	Director	Investment Banker
Colin Archibald Dickie	Director	Investment Banker
Arthur Ubaka Mbanefo	Director	Investment Banker

The business address of all the above Directors is 5 The North Colonnade, Canary Wharf, London E14 4BB, United Kingdom.

No potential conflicts of interest exist between any duties to BCCL of the Directors listed above and their private interests or other duties.

Related Parties

In the ordinary course of business, the Issuers participate in transactions with parent and fellow subsidiary companies. Such transactions are disclosed in the consolidated audited financial statements of the Barclays PLC which are publicly available and hereby incorporated by reference.

Litigation Statement

BCCL is not and/or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BCCL is aware), which may have or have had during the 12 months preceding the date of this CLS Private Placement Supplement, a significant effect on the financial position or profitability of BCCL.

Ultimate Parent Company

The ultimate holding company and the parent company of the largest group that presents group accounts within which BCCL's accounts are consolidated is Barclays PLC. Barclays PLC is incorporated in Great Britain. The statutory accounts of both the Bank and Barclays PLC are available from the Company Secretary, One Churchill Place, London E14 5HP.

Auditors

The annual financial statements of BCCL for the two years ended 31 December 2008 and 31 December 2009 have been audited without qualification by PricewaterhouseCoopers of Southwark Towers, 32 London Bridge Street, London SE1 9SY, chartered accountants and registered auditors (authorised and regulated by the Financial Services Authority for designated investment business).

The Guarantee of the Bank

The Bank has entered into a Guarantee dated 6 August 2010 under which the Bank undertakes unconditionally and irrevocably to guarantee the proper, punctual and complete performance by BCCL of its obligations under all Securities issued by BCCL under the Programme. The Bank undertakes to pay or procure the making of any payment in cash in the currency in which the particular Securities are expressed to be payable in accordance with the terms and conditions thereof upon demand being made under the Guarantee by the relevant holder of the Securities. Information about the Bank is set out elsewhere in this document.

Recent Developments

BCCL has made neither profit nor loss during the financial year ended 31 December 2009. The Directors do not recommend the payment of a dividend for this financial period.

Material and Significant Change Statement

There has been no significant change in the financial or trading position of BCCL since 31 December 2009 and there has been no material adverse change in the prospects of BCCL since 31 December 2009 (the date at which the most recent annual audited financial statements of BCCL were prepared).

TERMS AND CONDITIONS OF THE SECURITIES

CLS BASE CONDITIONS

The following are the Conditions that will apply to the Securities, subject to amendment and as supplemented or varied in accordance with the provisions of the applicable Final Terms. In all cases, these Conditions shall be subject to the applicable Final Terms, and will not apply to the extent they are inconsistent with the provisions of such Final Terms. Words and expressions defined or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated. All capitalised terms that are not defined in Conditions 25 or 26 or elsewhere in these Conditions will have the meanings given to them in the applicable Final Terms. References in these Conditions to “Securities” are to the Securities of one Series only, not to all Securities that may be issued under the Programme.

The Securities are credit linked securities issued by Barclays Bank PLC (the “**Bank**”) or Barclays Capital (Cayman) Limited (“**BCCL**” and, together with the Bank, the “**Issuers**”) and references to “**Securities**” and the “**Issuer**” shall be construed accordingly. The Securities issued by BCCL will be guaranteed by the Bank (the “**Guarantor**”) pursuant to a deed of guarantee dated 6 August 2010 (as amended and/or supplemented and/or restated as at the Issue Date, the “**Guarantee**”) and references herein to the Guarantor and the Guarantee apply solely to Securities issued by BCCL. The Securities are issued pursuant to a Master Agency Agreement dated 6 August 2010 (as amended and/or supplemented and/or restated as at the Issue Date, the “**Master Agency Agreement**”) between the Issuers, the Guarantor and certain agents in respect of the Securities and with the benefit of a Deed of Covenant dated 6 August 2010 (as amended and/or supplemented and/or restated as at the Issue Date, the “**Deed of Covenant**”) executed by the Issuer.

These Conditions include summaries of, and are subject to, the provisions of the Master Agency Agreement. The Securityholders are entitled to the benefit of, and are deemed to have notice of and are bound by, the provisions of the Master Agency Agreement (insofar as they relate to the Securities), and the applicable Final Terms, which are binding on them. Copies of the Master Agency Agreement and the Deed of Covenant and the Guarantee are available for inspection at the registered office of the relevant Issuer and the specified offices of the Registrar. The determination agent, the issue and paying agent, the registrar and the exchange agent for the time being are referred to below respectively as the “**Determination Agent**”, the “**Issue and Paying Agent**”, the “**Registrar**” and the “**Exchange Agent**”. In respect of any issue of Securities, “**Agents**” means the Determination Agent, the Issue and Paying Agent, the Registrar and, in the case of Cleared Securities, the Exchange Agent and any other agent or agents appointed from time to time in respect of the Securities.

Unless otherwise specified in the applicable Final Terms, the initial Agents shall be as follows:

- (i) the initial Determination Agent shall be the Bank (the “**Determination Agent**”);
- (ii) the initial Issue and Paying Agent shall be The Bank of New York Mellon (acting through its London branch) (the “**Issue and Paying Agent**”);
- (iii) the initial Registrar shall be The Bank of New York Mellon (acting through its New York branch) (the “**Registrar**”); and

- (iv) the initial Exchange Agent shall be The Bank of New York Mellon (acting through its New York branch) in respect of Cleared Securities for which DTC is the Relevant Clearing System.

References in these Conditions to Agents shall be to the initial Agents specified above or as specified in the applicable Final Terms, or the then current Successor Agent (whether direct or indirect), as successor of such Agent, appointed in accordance with these Conditions and the Master Agency Agreement with respect to such Securities.

The Securities of any Series are subject to these Conditions, as modified and/or supplemented by the terms of the applicable Final Terms. Each Series may be issued in tranches (each, a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (that will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the Issue Date, Issue Price, first payment of interest, if applicable, and aggregate nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the applicable Final Terms.

1 Form, Title, Type and Transfer

1.1 Form

(a) Form of Securities

Securities will be issued in registered form.

Securities will initially be issued either in (i) definitive form (“**Definitive Securities**”) (with the terms and conditions endorsed on such Definitive Securities) or (ii) global form and represented by global registered securities (“**Global Securities**”). Global Securities may only be exchanged for Definitive Securities in accordance with Condition 1.5(b).

(b) Global Securities

The records of the Relevant Clearing System shall be conclusive evidence of the nominal amount of Securities represented by a Global Security and a statement issued by the Relevant Clearing System at any time shall be conclusive evidence of the records of the Relevant Clearing System at that time.

(c) Restricted Securities

Securities of a Series initially sold pursuant to Section 4(2) of the Securities Act with the ability to be resold pursuant to Rule 144A, Rule 903 or Rule 904 of the Securities Act or another applicable exemption from registration under the Securities Act (“**Restricted Securities**”) will be represented by a “**Restricted Global Security**”, without Coupons, deposited with a custodian for, and registered in the name of a nominee of, DTC on its issue date.

1.2 Denomination and Number

Securities are issued in one or more denominations (each, a “**Specified Denomination**”). Unless otherwise specified in the applicable Final Terms, Securities will be issued in a minimum Specified Denomination of U.S.\$250,000 (or equivalent) and higher integral multiples of U.S.\$10,000 (or equivalent). The applicable Final Terms in respect of

Securities will also specify the Aggregate Nominal Amount and Currency of such Securities, and the Calculation Amount per Security as at the Issue Date. All Securities of a Series shall have the same Specified Denomination.

1.3 Title

(a) *General*

Title to the Securities passes by registration in the Register that the Issuer shall procure is kept by the Registrar in accordance with the provisions of the Master Agency Agreement.

The Issuer, the Guarantor and the relevant Agents shall (except as otherwise required by law or ordered by a court of competent jurisdiction) deem and treat the holder (as defined below) of any Security as its absolute owner for all purposes (whether or not such Security is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Definitive Security or its theft or loss) and no person shall be liable for so treating the holder.

In these Conditions, “**Securityholder**” or “**holder**” means the person in whose name a Security is registered.

(b) *Cleared Securities*

Notwithstanding Condition 1.3(a) for so long as any Securities are Global Securities held by a custodian for, or registered in the name of a nominee of, a Relevant Clearing System (“**Cleared Securities**”), each person (other than the Relevant Clearing System itself) who is for the time being shown in the records of the Relevant Clearing System as the holder of a particular nominal amount of Securities represented by the relevant Global Security (in which regard any certificate or other document issued by such Relevant Clearing System as to the nominal amount of Securities standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall (except as otherwise required by law or ordered by a court of competent jurisdiction) be treated by the Issuer and the relevant Agents as the Securityholder and absolute owner of such nominal amount of Securities for all purposes other than with respect to the payments and deliveries on such Securities and the deposit or surrender of such Securities required in connection with any payment, redemption or exercise of any option or election under the Securities.

For the purpose of payments and deliveries and any obligation to deposit and/or surrender Cleared Securities, the relevant custodian or nominee as holder of the relevant Cleared Security shall be treated by the Issuer and the relevant Agents as the holder and absolute owner of such nominal amount of Securities in accordance with and subject to the terms of the relevant Global Security. Payments and deliveries in respect of Cleared Securities will be made through the Relevant Clearing System against presentation of the Global Security.

1.4 Type of Securities

Securities may be Single Name CLSs, Nth-to-Default CLSs, or such other type of Security as described in the applicable Final Terms.

“**Single Name CLS**” means a Security, the payment of principal and/or interest on which is determined by reference to the occurrence of a Relevant Event Determination Date following a Relevant Credit Event with respect to a single Reference Entity.

“Nth-to-Default CLS” means a Security, the payment of principal and/or interest on which is determined by reference to the occurrence of a Relevant Credit Event, in relation to the Nth Event Determination Date with respect to the Reference Portfolio.

1.5 Transfers

(a) *Transfer of Definitive Securities*

Definitive Securities may be transferred upon the surrender (at the specified office of the Registrar) of the relevant Definitive Security to be transferred, together with a form of transfer in or substantially in the form endorsed on such Definitive Security (or as otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar may reasonably require. In the case of a transfer of part only of a holding of Securities represented by a single Definitive Security, a new Definitive Security shall be issued to the transferee in respect of the part transferred and a further new Definitive Security in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Securities scheduled to the Master Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any Securityholder upon request.

Definitive Securities may be exchanged for an interest in a Restricted Global Security or transferred to a person who takes delivery thereof in the form of an interest in a Restricted Global Security subject to the rules and operating procedures of DTC and the terms of the Master Agency Agreement. Definitive Securities may not be directly exchanged for an interest in a Regulation S Global Security.

Investors in the Securities are referred to the Sections in the CLS Private Placement Supplement headed “Purchase and Sale” and “Clearance, Settlement and Transfer Restrictions”.

(b) *Transfer or exchange of Cleared Securities*

Notwithstanding Condition 1.5(a), transfers of beneficial interests in Cleared Securities may only be effected in accordance with the Relevant Rules.

The following will apply in respect of transfers of Cleared Securities. These provisions will not prevent the trading of interests in the Securities within the Relevant Clearing system whilst they are held on behalf of such Relevant Clearing System, but will limit the circumstances in which the Securities may be withdrawn from the Relevant Clearing System.

A Global Security may be exchanged for Definitive Securities in accordance with the terms of the Master Agency Agreement only:

- (i) in the case of a Regulation S Global Security, If an Exchange Event occurs;
- (ii) in the case of a Restricted Global Security, if a DTC Exchange Event occurs; or
- (iii) with the consent of the Issuer;

provided that, (A) such exchange shall be made in accordance with the rules and operating procedures of the Relevant Clearing System, (B) in the case of a Regulation S

Global Security, any such exchange in respect of a Series of Securities shall be made in whole but not in part and (C) in the case of the first transfer of part of a holding pursuant to this Condition 1.5(b) (other than in the case of a Regulation S Global Security), the registered holder has given the Registrar not less than 10 Business Days' notice at its specified office of the registered holder's intention to effect such transfer.

Investors in the Securities are referred to the Section headed "Purchase and Sale", "Clearance, Settlement and Transfer Restrictions".

(c) Exercise of Options or Partial Redemption in Respect of Definitive Securities

In the case of an exercise of an Issuer's or Securityholder's option in respect of, or a partial redemption of, a holding of Securities represented by a single Definitive Security, a new Definitive Security shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Securities of the same holding having different terms, a separate Definitive Security shall be issued in respect of those Securities of that holding that have the same terms. New Definitive Securities shall only be issued against surrender of the relevant existing Definitive Security to the Registrar. In the case of a transfer of Securities to a person who is already a holder of Securities, a new Definitive Security representing the enlarged holding shall only be issued against surrender of the Definitive Security representing the existing holding.

(d) Delivery of New Definitive Securities

Each new Definitive Security to be issued pursuant to Conditions 1.5(a) or (c) shall be available for delivery within three business days of receipt of the form of transfer, and the relevant notice of redemption and surrender of the Definitive Security. Delivery of a new Definitive Security shall be made at the specified office of the Registrar to whom delivery of such form of transfer, the relevant notice of redemption and surrender of such Definitive Security shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant form of transfer, the relevant notice of redemption or otherwise in writing, shall be mailed by uninsured post at the risk of the holder entitled to the new Definitive Security, to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 1.5(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar.

(e) Transfer Free of Charge

Transfers of Securities will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of any Taxes that may be imposed in relation to it (or the giving of such indemnity as the Issuer or the Registrar may require).

(f) Security Closed Periods

No Securityholder may require the transfer of a Security to be registered (i) during the period of 15 calendar days ending on the due date for redemption of that Security, (ii) on any day after the date of any Put Option Exercise Notice delivered by such Securityholder in respect of such Security, (iii) after any such Security has been called for redemption (including by delivery of a Call Option Exercise Notice) or (iv) during the period of seven calendar days ending on (and including) any Record Date.

2 Status

The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank equally among themselves. The payment obligations of the Issuer under the Securities will rank equally with all other present and future unsecured and unsubordinated obligations of the Issuer (except for such obligations as may be preferred by provisions of law that are both mandatory and of general application). The Securities do not evidence deposits of the Issuer. The Securities are not insured or guaranteed by the Federal Deposit Insurance Corporation, the UK Government credit guarantee scheme or any other government agency or instrumentality.

3 Guarantee

All obligations of BCCL in respect of its Securities are unconditionally and irrevocably guaranteed by the Guarantor pursuant to the Guarantee. The Guarantee constitutes an unsecured and general obligation of the Guarantor and ranks and will rank equally with all other existing and future unsecured obligations of the Guarantor (except for such obligations as may be preferred by provisions of law that are both mandatory and of general application).

4 Interest

If the applicable Final Terms specify that interest applies to any Securities, each Security of such Series will bear interest on the applicable Calculation Amount from and including the Interest Commencement Date at a rate or rates per annum (expressed as a percentage) (the “**Interest Rate**”) specified in, or determined in accordance with, the applicable Final Terms. Interest will be payable in arrear on the date or dates specified in the applicable Final Terms (the “**Interest Payment Dates**”). Subject to Conditions 5.1(d) and 9, the Interest Amount payable per Calculation Amount in respect of any Security on any Interest Payment Date will be calculated by the Determination Agent in respect of the immediately preceding Interest Calculation Period and shall be equal to the product of the applicable Interest Rate, the applicable Calculation Amount (determined by reference to the Calculation Amount as at the first day of the relevant Interest Calculation Period unless otherwise specified in the applicable Final Terms) and the Day Count Fraction for the relevant Interest Calculation Period, unless an Interest Amount (or other formula for its calculation) is specified in respect of such Interest Calculation Period in the applicable Final Terms, in which case the amount of interest payable per Calculation Amount in respect of such Security for such period shall equal such Interest Amount (or be calculated in accordance with such formula). If the applicable Final Terms specify Securities to be Zero Coupon Securities, the Securities of such Series will not bear interest except in respect of any overdue principal following the Redemption Date (or such other date as specified in the applicable Final Terms).

4.1 Interest on Fixed Rate Securities

If “**Fixed Rate**” is specified as the Interest Rate in the applicable Final Terms, the Interest Rate for each Interest Calculation Period will be the rate specified in the applicable Final Terms.

4.2 Interest on Floating Rate Securities

Subject to Conditions 4.2(c) and (d), if “**Floating Rate**” is specified as the Interest Rate in the applicable Final Terms, the Interest Rate for an Interest Calculation Period will be the rate determined by the Determination Agent in the manner specified in the applicable Final Terms pursuant to Condition 4.2(a) or 4.2(b) or as otherwise provided in the applicable Final Terms. In respect of any short or long Interest Calculation Period as specified in the applicable Final Terms the Determination Agent will determine the Interest Rate using Linear Interpolation or such other formula or method (if any) as is specified in the applicable Final Terms.

(a) *ISDA Determination for Floating Rate Securities*

If “**ISDA Determination**” is specified as applicable in the applicable Final Terms, the Interest Rate for an Interest Calculation Period will be the relevant ISDA Rate. If with respect to a Reset Date for an Interest Calculation Period, in the opinion of the Determination Agent (a) the ISDA Rate is not published or made available to the market, and/or (b) the Determination Agent determines that an alternative market rate is in more common usage, the Determination Agent shall determine the Interest Rate for such Interest Calculation Period at its sole and absolute discretion.

(b) *Screen Rate Determination for Floating Rate Securities*

If “**Screen Rate Determination**” is specified as applicable in the applicable Final Terms, the Interest Rate for an Interest Calculation Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate that appears or appear, as the case may be, on the Relevant Screen Page as at 11:00 a.m. (local time) on the Interest Determination Date in question (as specified in the applicable Final Terms or as defined below) relating to such Interest Calculation Period, all as determined by the Determination Agent in accordance with Condition 10. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Determination Agent for the purpose of determining the arithmetic mean of such offered quotations.

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

If, on any Interest Determination Date relating to such Interest Calculation Period, the Relevant Screen Page is not available or, if Condition 4.2(b)(i) applies and no such offered quotation appears on the Relevant Screen Page, or, if Condition 4.2(b)(ii) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Determination Agent shall request the principal local office of each of the Reference Banks to provide the Determination Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11:00 a.m. (local time) on the Interest

Determination Date in question. If two or more of the Reference Banks provide the Determination Agent with such offered quotations, the Interest Rate for such Interest Calculation Period shall be the arithmetic mean of such offered quotations as determined by the Determination Agent.

If either of the two preceding paragraphs applies and the Determination Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Determination Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11:00 a.m. (local time) on the relevant Interest Determination Date, deposits in the Settlement Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the local inter-bank market. If fewer than two of the Reference Banks provide the Determination Agent with such offered rates, the Reference Rate shall be the offered rate for deposits in the Settlement Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Settlement Currency for a period equal to that which would have been used for the Reference Rate, at which at approximately 11:00 a.m. (local time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Determination Agent it is quoting to leading banks the local inter-bank market, provided that, if the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate for such Interest Calculation Period shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Minimum or Maximum Interest Rate is to be applied to the relevant Interest Calculation Period from that which applied to the last preceding Interest Calculation Period, the Margin or Minimum or Maximum Interest Rate relating to the relevant Interest Calculation Period, in place of the Margin or Minimum or Maximum Interest Rate relating to that last preceding Interest Calculation Period). For the purposes of this Condition 4.2(b), the reference to a "local" time, office or inter-bank market shall be a reference to (i) London, where the Reference Rate is LIBOR; and (ii) Brussels and Euro-zone, respectively, where the Reference Rate is EURIBOR.

(c) Margin

If any Margin is specified in the applicable Final Terms, an adjustment shall be made to the Interest Rate by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to Condition 4.2(d). Margin may be specified in the applicable Final Terms in respect of one or more Interest Calculation Periods in which case an adjustment shall be made to the Interest Rate for the specified Interest Calculation Periods.

(d) Minimum Interest Rate and/or Maximum Interest Rate

If any Minimum Interest Rate or Maximum Interest Rate is specified in the applicable Final Terms, then the Interest Rate shall be subject to such Minimum Interest Rate or Maximum Interest Rate, as applicable. A Minimum Interest Rate or Maximum Interest Rate may be specified in the applicable Final Terms in respect of one or more Interest Calculation Periods in which case an adjustment shall be made to the Interest Rate for the specified Interest Calculation Periods.

4.3 Variable Rate Securities

Each Variable Rate Security bears interest at a rate or rates (the “**Variable Rate**”) determined on the basis of the formula or method specified for such purpose in the applicable Final Terms, as determined by the Determination Agent in accordance with Condition 10.

4.4 Zero Coupon Securities

If “**Zero Coupon**” is specified as the Interest Rate in the applicable Final Terms, the Securities will not bear interest and references to interest in these Conditions are not applicable, provided however that where any such Security is repayable prior to the Redemption Date (or such other date specified in the applicable Final Terms) and is not paid when due, the amount due and payable prior to the Redemption Date shall be the Early Cash Settlement Amount for such Security.

4.5 Accrual of Interest

Interest shall cease to accrue on each interest bearing Security on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Interest Rate in the manner provided in this Condition 4 to the Scheduled Due Date as if such period was an Interest Calculation Period. Upon the occurrence of a Relevant Event Determination Date following a Relevant Credit Event, interest shall cease to accrue as of the Interest Expiration Date as set out in Condition 6.1(b).

5 Redemption of Securities

Any Securities being redeemed pursuant to this Condition 5 shall, subject to Condition 9, be cash settled.

5.1 Redemption

Unless otherwise redeemed in accordance with this Condition 5 or purchased and cancelled in accordance with Condition 23, each Security will, subject to Conditions 9, 10 and 11, be redeemed in whole at the Final Cash Settlement Amount on the Redemption Date.

5.2 Early Redemption at the Option of Securityholders (Put Option)

If “**Put Option**” is specified to apply in the applicable Final Terms, upon the holder of such Security giving not less than 15 Business Days irrevocable notice to the Issuer (or such other notice period as may be specified in the applicable Final Terms) (such period the “**Put Notice Period**”), provided such notice is in the form of a Put Option Exercise Notice and delivered within the Put Option Exercise Period, the Issuer shall, subject to Conditions 9, 10 and 11 and the conditions to exercise set out below, redeem each Security to which such notice relates in whole (but not in part) at its Optional Cash Settlement Amount on the Optional Cash Redemption Date.

Notwithstanding anything to the contrary herein, to exercise such option the holder must deposit the relevant Definitive Security representing such Securities with the Registrar at its specified office together with the duly completed irrevocable option exercise notice (the “**Put Option Exercise Notice**”) in the form obtainable from the Registrar. If the

Securities are Cleared Securities such option may be exercised by the relevant Securityholder giving a Put Option Exercise Notice to the Issue and Paying Agent through the Relevant Clearing Systems stating the nominal amount of Securities in respect of which the Put Option is exercised and the relevant custodian or nominee shall deposit and surrender the relevant Securities in accordance with the Relevant Rules. No transfers of interests in Cleared Securities in respect of which a Put Option Exercise Notice has been delivered will be valid and a Put Option Exercise Notice in respect of Cleared Securities must be accompanied by a copy of instructions given to the Relevant Clearing System by the relevant accountholder that the accountholder's account be blocked for such purposes. No Securities so deposited in connection with the exercise of a Put Option may be withdrawn (except as provided in the Master Agency Agreement) without the prior consent of the Issuer.

For the avoidance of doubt, if the last day of the relevant Put Notice Period is the same date as the Redemption Date, unless otherwise specified in the applicable Final Terms, the Securities shall be redeemed in accordance with this Condition 5.2.

5.3 Early Redemption at the Option of the Issuer (Call Option)

If "Call Option" is specified to apply in the applicable Final Terms, the Issuer may, on giving not less than 15 Business Days' irrevocable notice to Securityholders (such notice an "Call Option Exercise Notice")(or such other notice period as may be specified in the applicable Final Terms) (such period the "Call Notice Period"), provided that if the notice relates to a Call Option such notice is delivered within the Call Option Exercise Period, subject to Conditions 9, 10 and 11, redeem some or all of the Securities in whole (but not in part) at its Optional Cash Settlement Amount together with accrued interest on the Optional Cash Redemption Date.

For the avoidance of doubt, if the last day of the Call Notice Period is the same date as the Redemption Date, the Securities shall be redeemed in accordance with this Condition 5.3.

In the event that any option of the Issuer is exercised with respect to some but not all of the Securities of any Series and such Securities are Cleared Securities, the rights of accountholders with the Relevant Clearing System in respect of the Securities will be governed by the standard procedures and Relevant Rules (to be reflected in the records of the Relevant Clearing System as either a pool factor or a reduction in nominal amount or number, as applicable at their discretion).

5.4 Early Redemption or Adjustment following the occurrence of an Additional Disruption Event

If an Additional Disruption Event occurs, the Issuer may, at its sole and absolute discretion:

- (a) request that the Determination Agent determines, at its sole and absolute discretion, whether an appropriate adjustment can be made to these Conditions and any other provisions relating to the Securities to account for the economic effect of such event on the Securities and to preserve substantially the economic effect to the Issuer of issuing the relevant Security. If the Determination Agent determines that such adjustment(s) can be made, the Issuer shall determine the effective date of such adjustment(s) and take the necessary steps to effect such adjustment(s). The Issuer shall notify Securityholders of any such adjustment(s) in accordance with Condition 18 as soon as reasonably practicable after the nature

and effective date of the adjustments is determined. If the Determination Agent determines that no adjustment that could be made would produce a commercially reasonable result and preserve substantially the economic effect to the Issuer of issuing the relevant Security it shall notify the Issuer of such determination and no adjustment(s) shall be made. None of the Determination Agent, the Issuer or any other party shall be liable to any holder, Securityholder or any other person for any determination and/or adjustment made by the Determination Agent and/or the Issuer pursuant to this Condition 5.4(a); or

- (b) on giving not less than 10 Business Days' irrevocable notice to Securityholders (or such other notice period as may be specified in the applicable Final Terms) in accordance with Condition 18 redeem all of the Securities of the relevant Series in whole, subject to Conditions 9, 10 and 11, at their Early Cash Settlement Amount on the Early Cash Redemption Date.

5.5 Early Redemption following the occurrence of a Credit Event

(a) Redemption and Required Notice

In the event that a Relevant Credit Event occurs on or prior to the Extension Date, the Issuer may, if it elects to redeem the Securities, deliver , or may cause the Issue and Paying Agent at the expense of the Issuer to deliver a notice (a "**Credit Event Redemption Notice**") containing the information required to be set out therein under Condition 6.1(b) in accordance with Condition 18 to the Securityholders, with a copy to the Determination Agent and the Registrar. Following delivery of a Credit Event Redemption Notice, each Security will be redeemed at its Credit Event Redemption Amount on the Credit Event Redemption Date, all as set out in greater detail in Condition 6.

(b) Certain Terms Relating to Cash Settlement and Calculation of Final Price

If the applicable Settlement Method is Cash Settlement, the Credit Event Redemption Amount will be calculated by reference to the Final Price. The Final Price will be determined with respect to a Deliverable Obligation selected by the Issuer as the Reference Obligation for Cash Settlement, which (x) satisfies the Deliverable Obligation Category, (y) satisfies each Deliverable Obligation Characteristic and (z) if the only Credit Event specified in a Credit Event Notice delivered (or deemed to have been delivered) by the Issuer is Restructuring and (A) if "**Restructuring Maturity Limitation and Fully Transferable Obligation Applicable**" is specified in the applicable Final Terms, is a Fully Transferable Obligation and has a final maturity date not later than the Restructuring Maturity Limitation Date or (B) if "**Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable**" is specified in the applicable Final Terms, is a Conditionally Transferable Obligation and has a final maturity date not later than the Modified Restructuring Maturity Limitation Date, each determined as of the Relevant Event Determination Date in respect of the applicable Reference Entity.

If a Deliverable Obligation is subject to an Obligation Exchange prior to the calculation of the Final Price, the Exchanged Obligation following such Obligation Exchange may nonetheless be selected by the Issuer as the Reference Obligation for such Cash Settlement purposes. If the Issuer does so, the Final Price shall be determined with respect to the Exchanged Obligation and the Determination Agent may, in its sole discretion, adjust the process for determining the Final Price (including, without limitation, the Quotation Amount and the CLS Valuation Date) to the extent necessary in order to attempt to determine a Final price with respect to such Exchanged Obligation.

6 Certain provisions in respect of Redemption of Securities following a Credit Event

6.1 Credit Event Determinations and consequences

(a) *Credit Event Determination*

The Issuer may, at any point up to and including the Securities Extension Date, deliver a Credit Event Notice in accordance with the provisions of these Conditions and the applicable Final Terms. However, an Event Determination Date may only occur following the Redemption Date if an Extension Notice has been delivered in accordance with the provisions of these Conditions and the applicable Final Terms.

The Issuer's determination of a Credit Event will, in the absence of manifest error and subject to the "Event Determination Date" definition, be conclusive and binding on all persons (including, without limitation, the Securityholders). Neither the Issuer nor the Issue and Paying Agent will have any liability whatsoever with respect to (i) the failure of the Issuer for any reason to investigate or check whether any Credit Event has, or may have, occurred or may be continuing, (ii) the failure of the Issuer for any reason to determine an Event Determination Date, or (iii) the Issuer's timing as to when to deliver a Credit Event Notice or Notice of Publicly Available Information. The Issuer may at its sole discretion (i) wait for another, later, Credit Event to occur and (ii) with respect to a Nth to Default CLS, decide which Reference Entity is the Nth Reference Entity.

(b) *Credit Events*

If an Event Determination Date has occurred in respect of a Reference Entity on or prior to the Securities Extension Date, then, notwithstanding anything to the contrary in Conditions 4, 5, 6 or 10, unless otherwise specified in the applicable Final Terms:

- (i) interest will cease to accrue as at the Interest Expiration Date; and
- (ii) the Issuer may redeem each Security at the Credit Event Redemption Amount on the Credit Event Redemption Date subject to and in accordance with the provisions of these Conditions and the applicable Final Terms.

If the Issuer elects to redeem the Securities the Issuer shall deliver, or may cause the Issue and Paying Agent at the expense of the Issuer to deliver, a Credit Event Redemption in accordance with Condition 18 to the Securityholders, with a copy to the Determination Agent and the Registrar. The Credit Event Redemption Notice will:

- (i) identify the Series of Securities to which the Credit Event Redemption Notice relates; and
- (ii) state the Issuer's intention to redeem the Securities following delivery of the Credit Event Redemption Notice.

If a Credit Event Notice or Notice of Publicly Available Information specifies the information required to be specified in a Credit Event Redemption Notice, such notice will be deemed to be a Credit Event Redemption Notice.

(c) *Credit Event Notice after Restructuring*

Upon the occurrence of an Event Determination Date in respect of a Restructuring Credit Event:

- (i) the Issuer may deliver multiple Credit Event Notices with respect to such Restructuring Credit Event, each such Credit Event Notice setting forth the Nominal Amount with respect to each Security to which such Credit Event Notice applies (the aggregate of such amounts with respect to a Series, the “Exercise Amount”);
- (ii) if the Issuer has delivered a Credit Event Notice that specifies an Exercise Amount that is less than the Aggregate Nominal Amount, the rights and obligations of the Issuer and the Guarantor shall, with effect from the date such Credit Event Notice is effective, be construed as if the Issuer had issued two Securities, one of which has a Nominal Amount equal to the Exercise Amount and, upon satisfaction of the Conditions to Settlement, will be settled (and, if applicable, redeemed), and the other of which will have a Nominal Amount equal to the Nominal Amount or Calculation Amount per Security, as applicable, immediately prior to such Credit Event Notice minus such Security’s pro rata share of the Exercise Amount and will continue in effect with such modifications required as determined by the Determination Agent to preserve the economic effects of the two Securities considered in the aggregate;
- (iii) the Exercise Amount in connection with a Credit Event Notice describing a Restructuring must be an amount that is at least 1,000,000 units of the Settlement Currency (or, if Japanese Yen, 100,000,000 units) or an integral multiple thereof or the Aggregate Nominal Amount of the Securities outstanding as at the date of the relevant Credit Event Notice. If no Exercise Amount is specified by the Issuer, the Exercise Amount shall be deemed to be the Aggregate Nominal Amount of the Securities outstanding on or about the date of the relevant Credit Event Notice.

Upon redemption of part of each such Security the Register shall be endorsed by the Registrar to reflect such partial redemption.

(d) Deferred Redemption Date

Notwithstanding anything to the contrary in Conditions 4 and 5.1, in addition to amounts of interest (if any) accrued in accordance with these Conditions, in respect of the Extended Interest Period (if any), interest (“**Extension Interest**”) on each interest bearing Security will be payable in arrears on the Deferred Redemption Date in an amount determined by the Determination Agent equal to the sum for each day in the Extended Interest Period of the product of (a) the Calculation Amount per Security on such day, (b) the Barclays Bank PLC overnight deposit rate for deposits in the Settlement Currency for such day and (c) 1/360. Notwithstanding the foregoing, if “**Extension Interest**” is specified as not applicable in the applicable Final Terms, no amount of Extension Interest or other interest shall accrue or be payable on each such Security in respect of any period on or following the Redemption Date, notwithstanding that the Deferred Redemption Date occurs following such date.

6.2 Redemption Failure Event

“**Redemption Failure Event**” means, in each case as determined by the Determination Agent in its sole discretion, (a) it is impossible or illegal for the Issuer to pay (due to an event beyond the control of the Issuer), or for a Securityholder to accept payment of (due to an event beyond the control of such Securityholder), any cash amount (including, without limitation, the Credit

Event Redemption Amount in respect of each Security) required to be paid on the date scheduled for such payment or (b) the failure of a Securityholder to surrender a Security for cancellation on or before the Redemption Date or Credit Event Redemption Date, as the case may be.

If a Redemption Failure Event has occurred and exists on the Redemption Date, the obligation of the Issuer to pay the Credit Event Redemption Amount on such date will be postponed without further act or notice and such payment will be made on a Business Day selected by the Determination Agent on which such Redemption Failure Event no longer exists, provided that, if such Redemption Failure Event continues to exist on the tenth Business Day after the Redemption Date or other scheduled payment date in respect of an amount required to be paid, the Securityholder may request the Issuer in writing to make payment of such amount to such account or to such other person as the Securityholder specifies, provided that, the Issuer first receives an irrevocable and unconditional release and indemnity in respect of liabilities arising therefrom to its sole and absolute satisfaction.

Notwithstanding anything to the contrary in these Conditions, if the Determination Agent determines that such Redemption Failure Event continues to exist on the 180th calendar day after the Redemption Date or other scheduled payment date in respect of an amount required to be paid no such payment will be made by the Issuer and the Issuer's obligations to the Securityholder hereunder will be deemed to be fully discharged as of that date.

Any postponement or deemed discharge of payment pursuant to Condition 7 will not constitute a default hereunder (including for the purpose of Condition 12) and will not entitle the relevant Securityholder to any additional interest or other payment as a result thereof.

6.3 Notices

(a) Notices required to be delivered

If the Issuer determines to deliver a Credit Event Notice in accordance with Condition 6.1(a), the Issuer shall give notice to Securityholders of the following, to the extent required to be delivered pursuant to a Series of Securities and unless otherwise specified in the applicable Final Terms:

- (i) Credit Event Notice.
- (ii) Notice of Publicly Available Information (provided that no Notice of Publicly Available Information shall be required following a determination by a Credit Derivatives Determinations Committee that a Credit Event has occurred).
- (iii) The occurrence of any Succession Event, including if applicable details of any Successors and any amendments to the Reference Portfolio (provided that (a) no Succession Event Notice shall be required following a determination by a Credit Derivatives Determinations Committee that a Succession Event has occurred and (b) the failure of the Issuer to deliver a notice to the Securityholders pursuant to this Condition 6.3 shall not affect the effectiveness of any determinations by the Determination Agent in respect of such Succession Event (such determinations to be in accordance with these Conditions)).
- (iv) The selection of any Replacement Reference Entity.

- (v) If the terms of any Securities provide for the Reference Portfolio to be amended from time to time other than through a Succession Event, details of any amendments to the Reference Portfolio.
- (vi) The designation of any Substitute Reference Obligation (provided that (a) no such notice shall be required following a designation by a Credit Derivatives Determinations Committee of a Substitute Reference Obligation and (b) the failure of the Issuer to deliver a notice to the Securityholders pursuant to this Condition shall not affect the effectiveness of any designation of such Substitute Reference Obligation by the Determination Agent in accordance with these Conditions.
- (vii) If Cash Settlement is the applicable Settlement Method, following the selection by the Issuer of a Deliverable Obligation of the Reference Entity as the Reference Obligation for the purposes of determining the Final Price for Cash Settlement, a notice specifying the identification details of such selected Deliverable Obligation, provided that the failure of the Issuer to deliver a notice to the Securityholders pursuant to this Condition shall not affect the effectiveness of any designation of such Deliverable Obligation as the Reference Obligation for purpose of Cash Settlement by the Issuer that was otherwise made in accordance with these Conditions.
- (viii) Following the determination of the CLS Cash Settlement Amount, a notice specifying:
 - (A) if “**Auction Settlement**” is applied:
 - (1) The Auction Final Price;
 - (2) The CLS Cash Settlement Amount;
 - (3) If applicable, any Settlement Expenses and/or Swap Costs; and
 - (4) The Credit Event Redemption Amount.
 - (B) if “**Cash Settlement**” is applied:
 - (1) The CLS Valuation Date;
 - (2) The Quotation Amount;
 - (3) The Quotations obtained;
 - (4) The Final Price;
 - (5) The CLS Cash Settlement Amount;
 - (6) If applicable, any Settlement Expenses and/or Swap Costs; and
 - (7) The Credit Event Redemption Amount.

(b) *Effectiveness of Notices*

Any notice required to be delivered by the Issuer to the Issue and Paying Agent pursuant to these Conditions or the applicable Final Terms shall be effective when delivered. The Issue and Paying Agent will deliver a copy thereof to Securityholders if required in accordance with the provisions of Condition 18, provided that the failure of the Issue and Paying Agent to deliver a copy of any such notice shall not affect the effectiveness of any such notice delivered by the Issuer.

A notice delivered by the Issuer to the Issue and Paying Agent on or prior to 4:00 p.m. (Determination Agent City time) on a Determination Agent City Business Day will be effective on such Determination Agent City Business Day. A notice delivered after 4:00 p.m. (Determination Agent City time) on a Determination Agent City Business Day will be deemed effective on the next following Determination Agent City Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice. If a notice is given by email, it will be deemed effective at the date and time it was delivered.

(c) *Confidentiality*

Securityholders will treat as confidential any information about a Reference Entity which is designated by the Issuer as confidential information and conveyed to the Securityholders for the purposes of identifying the Credit Event or giving rise to its determination of a Credit Event.

7 Additional Provisions in respect of a Succession Event

7.1 Provisions for determining a Successor

- (i) “**Successor**” means in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:
 - (a) 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 in respect of such Reference Entity;
 - (b) 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 in respect of such Reference Entity;
 - (c) if more than one entity each directly or indirectly succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent of the Relevant Obligations will each be a Successor (subject to Condition 7.2(a));
 - (d) if one or more entities each directly or indirectly succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference

Entity, each such entity and the Reference Entity will each be a Successor (subject to Condition 7.2(a));

- (e) 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 and the Securities will not be changed in any way as a result of the Succession Event; and
 - (f) 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.
- (ii) The Determination 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 Succession Event), and with effect from the legally effective date of the relevant Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under Condition 7.1(i)(f), as applicable; provided that the Determination Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in Condition 7.1(i), are satisfied in accordance with the CDDC Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under Condition 7.1(i)(f), as applicable, the Determination Agent shall use, with respect to each applicable Relevant Obligation included in such calculation, the amount of the liability with respect to such Relevant Obligation listed in the Best Available Information and shall notify the parties of such calculation.
- (iii) **“Succession Event”** means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (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 an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or

other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date.

For purposes of this Condition 7.1(iii), “succeed” means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that an entity other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to Condition 7.1(i) 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.

(iv) Where:

- (a) a Reference Obligation has been specified with respect to a Reference Entity;
- (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 provisions of Condition 7.3 with respect to a Reference Entity.

(v) Where, pursuant to Condition 7.1(i)(c), 7.1(i)(d), 7.2(a)(iii) or 7.2(a)(iv), one or more Successors have been identified, the relevant Securities shall be divided into the same number of new Securities (the “**New Securities**”) as there are Successors, with the following terms:

- (a) each Successor shall be the Reference Entity for the purposes of one of the New Securities;
- (b) in respect of each New Security, the Nominal Amount or Calculation Amount per Security (determined on or about the date of the applicable Succession Event), as applicable, shall be the Nominal Amount or Calculation Amount of the original Security (before the occurrence of the relevant Succession Event) divided by the number of Successors;
- (c) all other terms and conditions of the original Securities shall be replicated in each of the New Securities, with such modifications as would be required, as determined by the Determination Agent, to preserve substantially the economic effect of the original Securities in the New Securities (considered in the aggregate);
- (d) each of the New Securities shall be deemed to constitute a separate and distinct issuance which shall be treated as a separate Series of Securities by the Issuer, and the Register shall be endorsed by the Registrar to reflect such separate Series of the New Securities and, at the request of a Securityholder, the Definitive Security representing the original Security (before the occurrence of the relevant

Succession Event) will be replaced by Definitive Securities representing the New Securities in accordance with Condition 1.5; and

(e) the Determination Agent shall make such other conforming and consequential changes as it shall deem appropriate to give effect to this Conditions 7 including, without limitation, the amendment of Conditions 6.1, 6.2 and 6.3 to allow, *inter alia*, for redemption of an Aggregate Nominal Amount of the Securities with the aggregate Calculation Amount per Security (determined on or about the date of the applicable Succession Event) equal to the nominal amount of one (or more) New Security(ies) in respect of which a Relevant Event Determination Date has occurred, with the remainder of such Aggregate Nominal Amount of the Securities remaining outstanding and accruing interest on such reduced Aggregate Nominal Amount (until such time as a further Event Determination Date in respect of a different New Security may occur or a redemption of the remaining Nominal Amount of the Securities may otherwise occur pursuant to the terms hereof).

(vi) **“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 Determination Agent. The Determination 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.

(vii) **“Best Available Information”** means:

(a) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Determination Agent makes its determination for the purposes of Conditions 7.1, 7.2 and 7.3, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or

(b) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in Condition 7.1(vii)(a), the best publicly available information at the disposal of the Determination Agent to allow it to make a determination for the purposes of Conditions 7.1, 7.2 and 7.3.

- (viii) Information which is made available more than fourteen calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.

With respect to a Sovereign Reference Entity, “**Successor**” means each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity.

- (ix) “**Succession Event Backstop Date**” means (i) for purposes of any Succession Event, as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Succession Event Notice is effective and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraph (i) of the definition of “Succession Event Resolution Request Date” are satisfied in accordance with the CDDC 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 Determination Agent not more than fourteen calendar days after the day on which ISDA publicly announces that 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 otherwise specified in the applicable Final Terms.
- (x) “**Succession Event Resolution Request Date**” means, with respect to a notice to ISDA, delivered in accordance with the CDDC Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:
 - (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant 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.
- (xi) “**Succession Event Notice**” means an irrevocable notice from the Determination Agent that describes a Succession Event that occurred on or after the Succession Event Backstop Date and any consequential amendments to the Reference Portfolio and/or the Securities as a result thereof.

7.2 Successor provisions specific to Nth-to-Default CLS

In respect of Nth-to-Default CLSs, this Condition 7.2 shall apply in addition to Condition 7.1. If there is any inconsistency between this Condition 7.2 and the rest of the Conditions (including Condition 7.1), then this Condition 7.2 shall prevail.

(a) *Treatment of certain Succession Events*

- (i) In the event that, pursuant to the application of Condition 7.1(i), a Reference Entity that is not subject to the Succession Event (the “**Surviving Reference Entity**”) would be the only Successor to a Reference Entity that is subject to the Succession Event (the “**Legacy Reference Entity**”):
 - (A) such Successor (that is a Surviving Reference Entity) shall not be a Successor to such Legacy Reference Entity; and
 - (B) the replacement Reference Entity (the “**Replacement Reference Entity**”) selected by the Issuer in accordance with Condition 7.2(b) shall be the sole Successor to such Legacy Reference Entity.
- (ii) In the event that, pursuant to the application of Condition 7.1(i), there is only one Successor to a Legacy Reference Entity and such Successor is not a Surviving Reference Entity, such Successor shall be the sole Successor to such Legacy Reference Entity.
- (iii) In the event that, pursuant to the application of Condition 7.1(i)(c) or 7.1(i)(d), there are two or more Successors to a Legacy Reference Entity and none of such Successors is a Surviving Reference Entity:
 - (A) each of such Successors (that is not a Surviving Reference Entity) shall be a Reference Entity for the purposes of one of the New Securities determined in accordance with Condition 7.1(v); and
 - (B) each of the Surviving Reference Entity(ies) (that is not a Successor) shall continue to be a Reference Entity for each and every one of the New Securities determined in accordance with Condition 7.1(v).
- (iv) In the event that, pursuant to the application of Condition 7.1(i)(c) or 7.1(i)(d), there are two or more Successors to a Legacy Reference Entity and at least one of such Successors is a Surviving Reference Entity:
 - (A) each of such Successor(s) (that is a Surviving Reference Entity) shall not be a Successor to such Legacy Reference Entity, and shall be replaced by a Replacement Reference Entity selected in accordance with Condition 7.2(b);
 - (B) each of such Replacement Reference Entity(ies) and any other Successor(s) not constituting a Surviving Reference Entity shall be a Reference Entity for the purposes of one of the New Securities determined in accordance with Condition 7.1(v); and
 - (C) each of the Surviving Reference Entity(ies) (that is not a Successor) shall continue to be a Reference Entity for each and every one of the New Securities determined in accordance with Condition 7.1(v).

(b) *Selection of Replacement Reference Entity*

Upon a determination by the Determination Agent of the occurrence of a Succession Event with respect to which a Surviving Reference Entity would otherwise be a Successor

but for the operation of Condition 7.2(a)(i), the Issuer shall select an Eligible Reference Entity as the Replacement Reference Entity and the Transaction Type applicable to such Eligible Reference Entity.

“**Eligible Reference Entity**” means an entity:

- (i) that is in the same Moody’s or S&P industry group as the relevant Surviving Reference Entity;
- (ii) that has a bid-side credit spread (at the time the Issuer delivers to the Issue and Paying Agent the notice specifying the Eligible Reference Entity that it has selected to be the Replacement Reference Entity) no greater than 110% of the bid-side credit spread of the relevant Surviving Reference Entity at that same time (the “**Credit Spread Requirement**”), in each case based on a credit default swap:
 - (a) on market standard terms for the relevant entity as at the time of such determination;
 - (b) in respect of a notional amount equal to at least 50%, but not more than 100%, of the Aggregate Nominal Amount; and
 - (c) with a term equal to the period from and including the date of the determination to and including the Redemption Date (the “**Remaining Term**”), provided that if the Issuer, having used reasonable endeavours, cannot obtain Quotations from at least three Dealers in respect of the Remaining Term, the term for the purposes of this sub-clause (c) shall be five years.

The bid-side credit spreads for the purpose of the Credit Spread Requirement shall be the unweighted arithmetic mean of the spread quotations obtained by the Issuer (on the basis of the terms set out above) from at least three Dealers, as determined by the Issuer in a commercially reasonable manner and notified by the Issuer to the Issue and Paying Agent;

- (iii) that is principally traded in the credit derivatives market in respect of the same Geographical Region as the relevant Surviving Reference Entity, as determined in a commercially reasonable manner by the Issuer, where “**Geographical Region**” means North America, Latin America, Western Europe, Eastern Europe, Australia/New Zealand, Singapore, Asia (excluding Japan), Japan or such region determined in a commercially reasonable manner by the Issuer to give best effect to then current market practice in respect of the relevant Surviving Reference Entity; and
- (iv) that is not an Affiliate of any Reference Entity or the Issuer both immediately prior to and following the relevant Succession Event.

(c) *Fallback Successor Process*

If Condition 7.2(a)(i) applies and the Issuer fails to specify a Replacement Reference Entity in accordance with Condition 7.2(b), then:

- (i) the Legacy Reference Entity shall cease to be a Reference Entity unless it is itself a Successor; and

- (ii) notwithstanding Condition 7.2(a)(i), each Surviving Reference Entity shall be a Successor, together with any other Successors, and all other terms of the Securities shall remain unaffected.

(d) *Effective Date for Substitution of Reference Entity Following a Succession Event*

The substitution of a Reference Entity and the issuance of New Securities in accordance with the terms hereof shall be deemed to be effective on the legally effective date of the Succession Event.

“**Transaction Type**” means a type of credit derivative transaction that is identified as such in the 2005 Matrix Supplement.

7.3 **Substitute Reference Obligation**

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

- (i) In the event that (A) a Reference Obligation is redeemed in whole or (B) in the opinion of the Determination Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Determination Agent shall identify one or more Obligations to replace such Reference Obligation.
- (ii) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks pari passu in priority of payment with the ranking in priority of payment of each of the 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), (ii) preserves the economic equivalent, as closely as practicable as determined by the Determination Agent, of the payment obligations of the parties and (iii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if “**All Guarantees**” is specified as applicable in the applicable Final Terms, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Determination Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (iii) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth under this Condition 7.3 has occurred with respect to one or more but not all of the Reference Obligations, and the Determination 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.

- (iv) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth under this Condition 7.3 has occurred with respect to all of the Reference Obligations, and the Determination 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.
- (v) If (i) more than one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth in this Condition 7.3 has occurred with respect to all of the Reference Obligations and the Determination Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth in this Condition 7.3 has occurred with respect to such Reference Obligation and the Determination Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Determination Agent shall continue to attempt to identify a Substitute Reference Obligation until the Extension Date. If (A) an Event Determination Date occurs on or prior to the Extension Date, (B) no Substitute Reference Obligation is identified as at the Extension Date and (C) the Settlement Method provides for the valuation of a Deliverable Obligation selected by the Issuer as the Reference Obligation, then the Securities will be redeemed on the Extension Date as if an Event Determination Date did not occur.
- (vi) For purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

7.4 Securityholders' Representations

By its holding of a Security, each Securityholder is deemed to acknowledge and agree that:

- (i) none of the Issuer, the Guarantor, the Manager or any of their Affiliates has made any representation whatsoever with respect to any Reference Entity, any Reference Obligation, any Obligation, any Underlying Obligor or any Underlying Obligation on which it is relying or is entitled to rely;
- (ii) the Issuer will be entitled to perform its obligations under the Securities, irrespective of the existence or amount of the Issuer's credit exposure to a Reference Entity, and the Issuer need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event;
- (iii) the Securities do not create any rights or impose any obligations in respect of any entity that is not the Issuer (or, if applicable, the Guarantor);
- (iv) the Issuer, the Determination Agent and each of their Affiliates may deal in each Reference Obligation, Obligation or Underlying Obligation and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and

generally engage in any kind of commercial or investment banking or other business with, a Reference Entity, any Affiliate of a Reference Entity, any Underlying Obligor or any other person or entity having obligations relating to a Reference Entity or any Underlying Obligor, and may act with respect to such business in the same manner as each of them would if the Securities did not exist, regardless of whether any such action might have an adverse effect on a Reference Entity, any Underlying Obligor or the position of the Securityholders or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event); and

- (v) the Issuer, the Guarantor, the Determination Agent and each of their Affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the Trade Date or at any time thereafter, be in possession of information in relation to a Reference Entity or any Underlying Obligor that is or may be material in the context of such Securities and that may or may not be publicly available or known to the Securityholders, and the Securities do not create any obligation on the part of such entity to disclose to the Securityholders any such relationship or information (whether or not confidential).
- (vi) With respect to the Credit Derivatives Determinations Committees, each Securityholder is deemed to agree:
 - (a) that no DC Party and no legal counsel or other third-party professional hired by a DC Party in connection with such DC Party's performance of its respective duties under the CDDC Rules and/or any Credit Derivatives Auction Settlement Terms, as applicable, shall be liable, whether for negligence or otherwise, to the Issuer, the Guarantor or any Securityholder for any form of damages, whether direct, indirect, special, consequential or otherwise, that might arise in connection with such DC Party's performance of its duties, or any advice given by legal counsel or any other third-party professional hired by such DC Party in connection with such DC Party's performance of its respective duties, under the CDDC Rules and/or any Credit Derivatives Auction Settlement Terms, as applicable, except in the case of fraud or wilful misconduct on the part of such DC Party, legal counsel or other third-party professional, as applicable; provided that, notwithstanding the foregoing, legal counsel or any other third-party professional hired by a DC Party in connection with such DC Party's performance of its duties under the CDDC Rules and/or any Credit Derivatives Auction Settlement Terms, as applicable, may be still be liable to such DC Party;
 - (b) to waive any claim, whether for negligence or otherwise, that may arise against a DC Party and any legal counsel or other third-party professional hired by such DC Party in connection with such DC Party's performance of its duties under the CDDC Rules, except in the case of fraud or wilful misconduct on the part of such DC Party, legal counsel or other third-party professional, as applicable; provided that, notwithstanding the foregoing, legal counsel or any other third-party professional hired by a DC Party in connection with such DC Party's performance of its duties under the CDDC Rules and/or any Credit Derivatives Auction Settlement Terms, as applicable, may be still be liable to such DC Party;

- (c) unless otherwise specified in the applicable Final Terms, any DC Resolution of the relevant Credit Derivatives Determinations Committee that is applicable to the Securities as determined by the Determination Agent shall be binding on it:
 - (I) until such time as ISDA publicly announces that such DC Resolution has been reversed by a subsequent DC Resolution of the relevant Credit Derivatives Determinations Committee, if any, (subject to (c)(ii) below); and/or
 - (II) unless the effect of such DC Resolution would be the reverse a prior DC Resolution of the relevant Credit Derivatives Determinations Committee, any prior determination by the Determination Agent or determination that an Event Determination Date has occurred, as applicable:
 - (A) that has resulted in the identification of one or more Successors;
 - (B) that has resulted in the identification of one or more Substitute Reference Obligations; or
 - (C) that has resulted in the occurrence of an Auction Final Price Determination Date or to the extent that a Valuation Date has occurred, in each case, on or prior to the date that ISDA publicly announces such DC Resolution of the relevant Credit Derivatives Determinations Committee); notwithstanding the fact that:
 - (III) notwithstanding the fact that:
 - (A) these Conditions may require such determination to be made by the Determination Agent; or
 - (B) in order to reach such DC Resolution, the relevant Credit Derivatives Determinations Committee may be required to Resolve one or more factual matters before being able to reach such DC Resolution; and
 - (IV) notwithstanding any actual or perceived conflict of interest on the part of a DC Party, legal counsel or other third-party professional hired by such DC Party in connection with such DC Party's performance of its duties under the CDDC Rules;
 - (V) that no DC Party is (A) under any obligation to research, investigate, supplement, or verify the veracity of, any information on which the relevant Credit Derivatives Determinations Committee bases its decision and (B) acting as a fiduciary for, or as an advisor to, any Securityholder in connection with the relevant Securities; and
 - (VI) that, in reaching any DC Resolution, the relevant Credit Derivatives Determinations Committee shall be under no requirement to consult with, or individually notify, any Securityholder, notwithstanding any provision of these Conditions to the contrary.

- (vii) Each Securityholder shall be deemed to acknowledge the following disclaimers from Section 5.1(B) of the CDDC Rules on the Trade Date as if it were a party to a “Relevant Transaction” (as defined in the CDDC Rules). All capitalized terms in the immediately following paragraph shall have the meaning assigned in the CDDC Rules, a copy of which is available at www.isda.org/credit.

No DC Party and no outside legal counsel or other third-party professional hired by any DC Party in connection with any DC Party's performance of its duties under the Rules shall undertake any duty of care or otherwise be liable to any party to a Relevant Transaction for any form of damages, whether direct, indirect, special, consequential or otherwise, that might arise in connection with any DC Party's performance of its duties, or any advice given in connection with any DC Party's performance of its duties, under the Rules, except in the case of gross negligence, fraud or wilful misconduct on the part of the relevant DC Party, legal counsel or other third-party professional, as applicable. No DC Party and no outside legal counsel or other third-party professional hired by any DC Party shall undertake any duty or otherwise be liable to any party to a Relevant Transaction for any action, including one based on negligence, that might arise in connection with any DC Party's performance of its duties, or any advice given by legal counsel or any other third-party professional hired by any DC Party in connection with any DC Party's performance of its duties, under the Rules, except in the case of gross negligence, fraud or wilful misconduct on the part of the relevant DC Party, legal counsel or other third-party professional, as applicable. Notwithstanding the above, outside legal counsel or a third-party professional hired by a DC Party may still be liable to such DC Party.

8 Provisions relating to Deliverable Obligations selected by the Issuer as Reference Obligations for purposes of Cash Settlement

8.1 Deliverable Obligations

“Deliverable Obligation” means, subject to Conditions 8.4 and 8.5:

- (i) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if “All Guarantees” is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in Condition 8.2 (but excluding any Excluded Deliverable Obligation) that (A) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in clauses (a) through (d) of the definition of Credit Event or right of set-off by or of a Reference Entity or any applicable Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date of occurrence of the Relevant Credit Event, 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;
- (ii) subject to the second paragraph of the definition of “Not Contingent”, each Specified Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;

- (iii) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in clauses (a) through (d) of the definition of Credit Event) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date of occurrence of the Relevant Credit Event, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (iv) any other obligation of a Reference Entity specified as such in the applicable Final Terms.

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

“**Sovereign Restructured Deliverable Obligation**” means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to Section 3 below, having each of the Deliverable 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 Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

8.2 Method for Determining Deliverable Obligations

“**Deliverable Obligation**” may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to Condition 26.4 (*Method for determining Obligations*), having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the date of occurrence of the Relevant Credit Event. The following terms shall have the following meanings:

“**Deliverable Obligation Category**” means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan except that no Deliverable Obligation Characteristics shall be applicable where “Reference Obligations Only” applies.

“**Deliverable Obligation Characteristics**” means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

If an obligation would have been capable of being specified as a Deliverable Obligation immediately prior to a Credit Event in respect of a Reference Entity, such obligation (as in effect after such Credit Event) shall continue to be able to constitute a Deliverable Obligation after the occurrence of such Credit Event. If one or more bonds, loans, instruments, certificates or other obligations and/or equity (an “**Exchanged Obligation**”) have been or will be issued in exchange, whether pursuant to a mandatory or voluntary exchange (an “**Obligation Exchange**”), for such obligation of such Reference Entity that would have been capable of being specified as a Deliverable Obligation immediately prior

to the occurrence of the Relevant Credit Event of such Reference Entity, the Issuer may nonetheless select such obligation as the Reference Obligation for the purposes of Condition 5.5(b).

“Not Contingent” means any obligation having as of the date of occurrence of the Relevant Credit Event and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Deliverable Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the date of occurrence of the Relevant Credit Event.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (A) and (B) above have not been exercised (or such exercise has been effectively rescinded) on or before the date of occurrence of the Relevant Credit Event.

“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 organization) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;

“Consent Required Loan” means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;

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

“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:

- (i) 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
- (ii) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;

“Maximum Maturity” means an obligation that has a remaining maturity from the Physical Settlement Date of not greater than the period specified in the applicable Final Terms (or if no such period is specified, 30 years);

“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 occurrence of the Relevant Credit Event 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

“Not Bearer” means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream International or any other internationally recognized clearing system.

8.3 Interpretation of Deliverable Obligations Provisions

If (i) either of the Deliverable Obligation Characteristics **“Listed”** or **“Not Bearer”** is specified in the applicable Final Terms, the applicable Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic **“Transferable”** is specified in the applicable Final Terms, the applicable Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics **“Assignable Loan”**, **“Consent Required Loan”** or **“Direct Loan Participation”** is specified in the applicable Final Terms, the applicable Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;

If any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

8.4 Restructuring Maturity Limitation

If **“Restructuring Maturity Limitation and Fully Transferable Obligation Applicable”** is specified in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice delivered by the Issuer, then the Issuer may specify a Deliverable Obligation as the Reference Obligation for purposes of Cash Settlement pursuant to Condition 5.5 only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.

“Fully Transferable Obligation” means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent, for a

Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this Condition 8.4.

For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Fully Transferable Obligation, such determination shall be made as of the date of occurrence of the Relevant Credit Event, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

“Restructuring Maturity Limitation Date” means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Redemption Date, provided that, in circumstances where Redemption 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 Redemption Date occurs prior to the final maturity date of such Latest 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 Redemption 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 Redemption Date.

“Eligible Transferee” means

- (i) any
 - (a) bank or other financial institution;
 - (b) insurance or reinsurance company;
 - (c) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in clause (iii)(a) of this definition below); and
 - (e) registered or licensed broker or dealer (other than a natural person or proprietorship),
provided, however, in each case that such entity has total assets of at least USD 500,000,000;
- (ii) an Affiliate of an entity specified in the preceding clause (i);
- (iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (a) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligation, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least USD 100,000,000 or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD 100,000,000;
 - (b) that has total assets of at least USD 500,000,000; or
 - (c) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in clauses (i), (ii), (iii)(b) or (iv) of this definition; and
- (iv) a Sovereign, Sovereign Agency or Supranational Organisation.

All references in this Condition 8.4 to USD include equivalent amounts in other currencies.

8.5 Modified Restructuring Maturity Limitation

If “**Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable**” is specified in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice delivered by Issuer, then the Issuer may specify a Deliverable Obligation as the Reference Obligation for purposes of Cash Settlement pursuant to Condition 5.5 only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

“**Conditionally Transferable Obligation**” means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor of a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer to so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this Condition 8.5.

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

“**Modified Restructuring Maturity Limitation Date**” means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Redemption Date, provided that, in circumstances where the Redemption Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Where “**Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable**” is specified in the applicable Final Terms and for which the Redemption 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 Redemption Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only.

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

“**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.

For the purposes of Conditions 8.4 and 8.5:

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

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

“Restructured Bond or Loan” means an Obligation that is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

“Restructuring Date” means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

9 Settlement

9.1 Conditions Precedent to Payment

If the Issuer determines in its sole and absolute discretion that any condition precedent to payment to be satisfied by a Securityholder has not been satisfied in respect of the Securities on or prior to the date on which settlement would otherwise have been scheduled to occur, payment of the relevant Settlement Amount shall not become due until the date on which all conditions precedent to payment have been satisfied in full (such Settlement Amount the **“Conditional Settlement Amount”**). No additional amounts shall be payable as a result of any such delay or postponement.

The conditions precedent to payment to be satisfied by a Securityholder are, (i) receipt of all instructions and information by the Issuer, the Issue and Paying Agent and the Relevant Clearing System, as applicable, required by the Issuer, the Issue and Paying Agent and/or the Relevant Clearing System to effect payment of the relevant Settlement Amount to the Securityholder (or to its order) within the required time period, (ii) the condition precedent to payment in Condition 11.3, (iii) the deposit of any duly completed Put Option Exercise Notice (if applicable) or any other applicable notice in accordance with these Conditions, (iv) the deposit and surrender of the relevant Security and (v) any other condition specified as such in the Final Terms.

If the conditions precedent to payment to be satisfied by a Securityholder have not been satisfied by 10:00 a.m. (London time) or such other time as determined by the Determination Agent as appropriate for the Relevant Clearing System on the day that is the number of calendar days equal to the Settlement Number following the Redemption Date, the Optional Cash Redemption Date or the Early Cash Redemption Date, as applicable, (the **“Security Settlement Cut-off Date”**) as determined by the Determination Agent, the relevant conditions precedent will not be capable of being satisfied. With effect from the Security Settlement Cut-off Date, the relevant Securityholder shall have no right to receive any payment of the Conditional Settlement Amount and shall have no claim against the Issuer or the Guarantor in relation thereto.

9.2 Postponement of Payments and Settlement

If the interest payable in respect of any Interest Calculation Period or any Settlement Amount is determined by reference to the Valuation Date and such Valuation Date is affected by a market disruption, price disruption or other disruption as specified in the applicable Final Terms, such Valuation Date may be postponed as specified in the applicable Final Terms. In connection with the postponement of any Valuation Date, the relevant Interest Payment Date, the Redemption Date, the Optional Cash Redemption Date or the Early Cash Redemption Date, as applicable, may be postponed as specified in the applicable Final Terms. No additional amounts shall be payable by the Issuer or the Guarantor because of such postponement.

10 Calculations and Publication

10.1 Calculations

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified in the applicable Final Terms), (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (b) all figures shall be rounded to seven significant figures (with 0.000005 being rounded up) and (c) all currency amounts that fall due and payable shall be rounded to the nearest unit of such Currency (with 0.5 being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, “unit” means the lowest amount of such Currency that is available as legal tender in the country of such Currency.

10.2 Determination and Publication of Interest Rates, Interest Amounts and Amounts in respect of Settlement

As soon as practicable on such date as the Issue and Paying Agent or, as applicable, the Determination Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation in respect of or in connection with any Security, such Agent shall determine such rate and calculate the relevant interest in respect of the Securities for the relevant Interest Calculation Period and calculate any Settlement Amount or any other relevant amount, obtain any required quotation or make such determination or calculation, as the case may be, and cause the interest, Interest Rate and Interest Amount, as applicable, for each Interest Calculation Period and the relevant Interest Payment Date and, if required to be calculated, any Settlement Amount to be notified to the Issuer, each of the Paying Agents, the Securityholders, any other Agent in respect of the Securities that is to make a payment or further calculation or determination upon receipt of such information and, if the Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Calculation Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day following such determination.

Where any Interest Payment Date or Interest Period End Date is subject to adjustment pursuant to Condition 10.4, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Calculation Period. If interest-bearing Securities become due and payable pursuant to Condition 12, the accrued interest and the Interest Rate payable in respect of the Securities shall nevertheless continue to be calculated as previously in accordance with Condition 4 but

no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Issue and Paying Agent or, as applicable, the Determination Agent shall (in the absence of manifest error) be final and binding upon all parties.

Where Valuation Date(s) are specified as applicable to the Securities in the applicable Final Terms, interest and/or Settlement Amounts may be determined by reference to the level, price, value or performance of one or more Reference Assets and/or such factor as compared to a specified level, price, value, barrier, threshold, trigger or other factor, as specified in the applicable Final Terms on such Valuation Date(s).

10.3 Calculation Amount per Security

(a) *General*

If the Settlement Amount relating to a Security is specified or is to be determined by reference to the Calculation Amount per Security specified in the Final Terms, then on each occasion on which such Security is redeemed or exercised in part, the corresponding Settlement Amount shall be deemed to have been reduced by an amount proportional to the nominal amount or portion of the Security so redeemed or exercised with effect from the date of such partial reduction or exercise.

(b) *Calculation Amount per Security*

Notwithstanding anything to the contrary in these Conditions or the Master Agency Agreement, where in respect of Securities the applicable Final Terms specify a Calculation Amount per Security in addition to one or more Specified Denominations, then each calculation of an amount payable on a Security hereunder shall be made on the basis of the relevant Calculation Amount and the amount payable on any particular Security shall be equal to the product of (i) the amount produced by such calculation (after applying any applicable rounding in accordance with these Conditions) and (ii) the Calculation Amount Factor of that particular Security, where “**Calculation Amount Factor**” means the number equal to the Specified Denomination of the relevant Security divided by the relevant Calculation Amount per Security.

10.4 Business Day Convention

If (1) there is no numerically corresponding day of the calendar month in which an Interest Period End Date should occur or (2) if any date which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then such date will be adjusted according to the Business Day Convention specified in the applicable Final Terms. If the Business Day Convention is specified to be:

- (i) the “**Following**”, such date shall be postponed to the next day that is a Business Day;
- (ii) the “**Modified Following**”, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;
- (iii) the “**Nearest**”, such date will be the first preceding day that is a Business Day if the relevant date otherwise falls on a day other than a Sunday or a Monday and will be the first following day that is a Business Day if the relevant date otherwise falls on a Sunday or a Monday; or

- (iv) the “**Preceding**”, such date shall be brought forward to the immediately preceding Business Day.

10.5 Currency

Where the prices for one or more Obligations, Underlying Obligations or Reference Obligations, or basket of Obligations, Underlying Obligations or Reference Obligations, are quoted in a Currency other than the Settlement Currency, the Determination Agent shall use the Exchange Rate to convert such prices into the Settlement Currency, at such time or times and on such dates as the Determination Agent deems appropriate.

11 Payments

11.1 Definitive Securities

Payments of principal in respect of each Definitive Security will be made against, and subject to the condition precedent of surrender of the relevant Definitive Security at the specified office of the Registrar and in the manner provided in the immediately following sub-paragraph below.

Payments of interest in respect of each Definitive Security will be made on the relevant due date or next succeeding Business Day to the Securityholder (or the first named of joint Securityholders) of the Definitive Security appearing in the Register at the close of business on the relevant Record Date. Payments of interest on each Definitive Security will be made in the relevant currency by cheque drawn on an Account Bank and mailed to the holder (or to the first-named of joint holders) of such Definitive Security at its address appearing in the Register. Upon application in writing by the holder in accordance with Condition 18.2 to the specified office of the Registrar before the Record Date, such payment of interest may be made by electronic transfer to an account in the relevant currency maintained by the payee with an Account Bank.

11.2 Global Securities

(a) *Global Registered Securities that are Cleared Securities*

All payments in respect of Cleared Securities that are represented by a Global Registered Security will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the due date for payment (or such other date determined by the Relevant Clearing System to be the applicable Record Date).

(b) *Relationship of Accountholders and Relevant Clearing System*

Each of the persons shown in the records of the Relevant Clearing System as the holder of a beneficial interest in a Global Security must look solely to the Relevant Clearing System for his share of each payment made by the Issuer in respect of such Global Security, and in relation to all other rights arising under the Global Securities, subject to and in accordance with the Relevant Rules. Payments of the principal of, and interest on, each Global Security registered in the name of a Relevant Clearing System’s nominee will be to, or to the order of, its nominee as the registered owner of such Global Security. The Issuer expects that the nominee, upon

receipt of any such payment, will immediately credit the Relevant Clearing System participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount, calculation amount or number of the Securities, as applicable, represented by the relevant Global Security, as shown on the records of the Relevant Clearing System or the nominee. The Issuer also expects that payments by the Relevant Clearing System's participants to owners of beneficial interests in such Global Security held through such Relevant Clearing System's participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such Relevant Clearing System's participants. Such persons shall have no claim directly against the Issuer in respect of payments due on the Securities for so long as the Securities are represented by such Global Securities and such obligations of the Issuer will be discharged by payment to the Relevant Clearing System or its nominee, as applicable.

(c) Payments through DTC

Payments of principal and interest in respect of Global Securities held by a custodian for, and registered in the name of a nominee of, DTC will, if such Global Securities are denominated in U.S. dollars, be made to the order of such nominee as the registered holder of such Restricted Global Security and in accordance with the preceding paragraph. Payments of principal and interest in respect of Global Securities held by a custodian for, and registered in the name of a nominee of, DTC will, if such Global Securities are denominated in a currency other than U.S. dollars, be made or procured to be made by the Exchange Agent in the relevant currency in accordance with the following provisions. The amounts payable by the Exchange Agent or its agent to DTC with respect to such Global Securities will be received in such currency, from the Issuer by the Exchange Agent. The Exchange Agent will make payments by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date of principal, to receive that payment in such currency, provided that the Registrar has received the related notification from DTC on or prior to the fifth DTC business day after the Record Date for the relevant payment of interest or at least 10 DTC business days prior to the relevant payment date of principal, in respect of such payment, and the Registrar has accordingly notified the Exchange Agent in accordance with the Master Agency Agreement. If DTC does not so notify the Registrar, the relevant payment will be made in U.S. dollars. The Exchange Agent, after conversion of amounts in such currency into U.S. dollars, will deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Master Agency Agreement sets out the manner in which such conversions are to be made. "DTC business day" means any day on which DTC is open for business.

(d) No Responsibility

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments or deliveries made on account of, beneficial ownership interests in Global Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. None of the persons appearing from time to time in the records of the Relevant Clearing System or the Registrar as the holder of any portion of Global Securities shall have any claim directly against the Issuer in respect of any payment or

deliveries due on the Global Securities, and the Issuer's obligations to make any such payment or delivery shall be discharged by payment or delivery of the requisite amount to the holder of the registered holder of the relevant Global Security.

11.3 Taxes, Settlement Expenses and Exercise Price Conditions Precedent to Payment

Payment of any Settlement Amount in connection with the redemption, cancellation or exercise of the Securities shall be subject to deduction, or conditional upon payment by the relevant Securityholder(s), of any applicable Taxes and Settlement Expenses and any other amounts payable as specified in these Conditions or the applicable Final Terms. The Issuer shall notify the Securityholder(s) in accordance with Condition 18 of (a) such applicable Taxes, Settlement Expenses and other amounts payable and (b) the manner in which such amounts shall be paid by the Securityholder(s).

11.4 Postponement of Payments due on non-Business Days

If the due date for any payment in respect of any Security is not a Business Day (and, in the case of Global Securities, also a Clearing System Business Day), then payment will not be made until the next succeeding Business Day (or, in the case of Global Securities, the next succeeding Clearing System Business Day), and the holder thereof shall not be entitled to any further payment in respect of such delay.

11.5 Payment Subject to Laws

All payments in respect of the Securities are subject in all cases to any applicable laws, regulations and directives, but without prejudice to the provisions of Condition 14.

12 Events of Default

If any of the following events occurs and is continuing (each, an "Event of Default"), the holder of any Security may give notice to the Issue and Paying Agent at its specified office that such Security is, and such Security shall accordingly immediately become, due and repayable at the Early Cash Settlement Amount:

- (a) any interest on such Securities has not been paid within 14 calendar days following the due date for payment. The Issuer shall not, however, be in default if such sums were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such 14 calendar day period by independent legal advisers; or
- (b) without prejudice to Condition 9, the Issuer fails to deliver any principal, in relation to the partial exercise or redemption of the Securities (other than on the Expiration Date), on the due date for payment and such failure to pay has not been remedied within 30 calendar days after notice of such failure shall have been given to the Issuer by any Securityholder, provided that an Event of Default shall not occur under this Condition 12(b) and any notice of failure shall not be valid if (i) any of the conditions precedent to payment to be satisfied by the Securityholder have not been so satisfied as at the due date for payment or the date of such notice of failure or (ii) such failure has been remedied by payment of all sums then due and unpaid; or
- (c) the Issuer breaches any provision of such Securities that is materially prejudicial to the interests of the Securityholders, and that breach has not been remedied within 30 calendar

days after the Issuer has received notice thereof from Securityholders holding at least one-tenth in nominal amount of the relevant Series demanding remedy; or

- (d) in the case of Securities issued by BCCL, the Guarantee ceases to be effective; or
- (e) in the case of Securities issued by BCCL, an order is made or an effective resolution is passed for the winding up of BCCL or the Guarantor (otherwise than in connection with a scheme of reconstruction, merger or amalgamation the terms of which have previously been approved by an Extraordinary Resolution of the Securityholders); or
- (f) an order is made or an effective resolution is passed for the winding up of the Issuer (otherwise than in connection with a scheme of reconstruction, merger or amalgamation the terms of which have previously been approved by an Extraordinary Resolution of the Securityholders).

13 Agents

13.1 Appointment of Agents

The Issue and Paying Agent, the Registrar, the Exchange Agent and the Determination Agent act solely as agents of the Issuer and, where applicable, the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Securityholder or holder. The Issuer and the Guarantor reserves the right at any time to vary or terminate the appointment of the Issue and Paying Agent, the Registrar, the Exchange Agent or the Determination Agent, provided that the Issuer shall at all times maintain (i) an Issue and Paying Agent, (ii) a Registrar, (iii) an Exchange Agent (so long as Global Securities are outstanding) and (iv) one or more Determination Agent(s) where these Conditions so require. Notice of any termination of appointment and of any changes to the specified office of any Agent will be given to Securityholders in accordance with Condition 18.

13.2 Modification of Master Agency Agreement

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Master Agency Agreement, if to do so would not in the opinion of the Issuer or Guarantor be expected to be materially prejudicial to the interests of the Securityholders or if such modification is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of any applicable law or to cure, correct or supplement any defective provision contained therein.

Any such modification shall be binding on the Securityholders and shall be notified to the Securityholders in accordance with Condition 18 as soon as practicable thereafter, provided that failure to give, or non-receipt of, such notice will not affect the validity or binding nature of such modification.

13.3 Responsibility of the Issuer, the Guarantor and the Agents

None of the Issuer or the Agents shall have any responsibility or liability to any person for errors or omissions in any calculations, determinations made, or actions taken pursuant to these Conditions, and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer, the Guarantor, the Agents and the Securityholders.

None of the Issuer, the Guarantor or any Agent shall be held responsible for any loss or damage resulting from any legal enactment (domestic or foreign), the intervention of a public authority (domestic or foreign), an act of war, strike, blockade, boycott, lockout or any other similar event or circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts shall also apply if any of such parties itself take such measures or becomes the subject of such measures. Under no circumstances shall any of the Issuer, Guarantor or any Agents be liable to pay compensation to any Securityholder for any loss, damage, liability, cost, claim, action or demand to any Securityholder in the absence of fraud. Furthermore under no circumstances shall any of the Issuer, Guarantor or any Agents be liable to any Securityholder for loss of profit, indirect loss or damage or consequential loss or damage, notwithstanding it having been pre-advised of the possibility of such loss.

Where any of the Issuer, Guarantor or any Agents due to any legal enactment (domestic or foreign), the intervention of a public authority (domestic or foreign), an act of war, strike, blockade, boycott, lockout or any other similar event or circumstance, is prevented from effecting payment, such payment may be postponed until the time the event or circumstance impeding payment has ceased, with no obligation to pay any additional amounts in respect of such postponement.

13.4 Determination Agent

Except as otherwise set forth in the applicable Final Terms any determination, discretion or calculation of the Issuer or the Determination Agent as may be specified in these Conditions will be made in the sole and absolute discretion of the Issuer or the Determination Agent, as applicable, and neither assumes any obligation to, or relationship of agency or trust with, any Securityholders or any other person. Furthermore, each Securityholder agrees that none of the Issuer, the Guarantor or the Determination Agent is acting as fiduciary for or as an advisor to such Securityholder in respect of its duties as Issuer, Guarantor or Determination Agent. In making any such determination or calculation or exercising any such discretion, neither the Issuer, Guarantor or the Determination Agent shall be required to take into account any person's interest other than its own.

The “**Determination Agent**” is responsible for:

- (i) determining a Successor or Successors and making any other determinations required to be made under the Successor Provisions and sending out Succession Event Notices;
- (ii) determining whether (i) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (ii) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (iii) for any reason other than as described in (i) or (ii) above and other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity;
- (iii) identifying and determining a Substitute Reference Obligation;
- (iv) in the event that multiple Credit Event Notices with respect to a Restructuring Credit Event are delivered pursuant to Condition 6.1(c), making any modifications required pursuant to that Condition;

- (v) obtaining Quotations (and, if necessary, determining whether such Quotations shall include or exclude accrued but unpaid interest) and determining the Final Price in accordance with the applicable Valuation Method;
- (vi) converting the Quotation Amount into the relevant Obligation Currency;
- (vii) determining the Dealers (where none have been specified in the applicable Final Terms) and substituting Dealers;
- (viii) determining the Exchange Rate;
- (ix) determining whether the Fallback Settlement Method is applicable to the Securities;
- (x) determining the Representative Amount;
- (xi) determining the Accreted Amount of any Accreting Obligation;
- (xii) determining interest rates;
- (xiii) determining whether adjustments can be made to account for Additional Disruption Events;
- (xiv) determining whether Redemption Failure Events have occurred;
- (xv) determining Relevant Obligations;
- (xvi) determining whether DC Resolutions are applicable to the Securities;
- (xvii) determining the timing for conditions precedent to payment, including Redemption Dates;
- (xviii) determining whether the performance of the Issuer's obligations under the Securities has become illegal or impracticable;
- (xix) selecting Reference Banks in the case of a determination of LIBOR or EURIBOR, as the case may be;
- (xx) selecting Modified Reference Obligations following the occurrence of a Credit Event;
- (xxi) determining Settlement Expenses; and
- (xxii) determining the applicable Transaction Auction Settlement Terms.

Except as otherwise expressly set forth herein or in the applicable Final Terms, whenever the Determination Agent is required to act or to exercise judgment, it will do so in good faith and in a commercially reasonable manner. Each Securityholder in respect of the relevant Series acknowledges and agrees that the Determination Agent is not acting as a fiduciary for or an advisor to any person in respect of the Securities, and acts in all respects as an arm's length contractual counterparty.

If any of the matters set out in Conditions 14 or 9 are decided and/or determined by a Credit Derivatives Determinations Committee, the Determination Agent shall follow such decision or determination to the extent such decision and/or determination is applicable to any Series of Securities.

14 Taxation

A Securityholder must pay all Taxes arising from or payable in connection with the payment of interest, any Interest Amount or the ownership, transfer, sale, redemption, exercise, cancellation of any Security and/or the payment of any Settlement Amount and/or any other payment relating to the Securities, as applicable. Neither the Issuer nor the Guarantor is liable for or otherwise obliged to pay any such Taxes.

Except as otherwise specified in the applicable Final Terms, the Issuer will not be liable for or otherwise obliged to pay any Taxes which may arise as a result of the ownership, transfer, presentation and surrender for payment or enforcement of any Securities and all payments in respect of the Securities shall be made subject to any withholding or deduction for, any present or future Taxes of whatever nature which may be required to be made, paid, withheld or deducted. The Issuer is not obliged to redeem the Securities early as a result of, or make any additional payments to Securityholders in respect of, any amount so withheld or deducted.

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Securities, Settlement Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or 6, and (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it.

15 Prescription

Claims against the Issuer and/or the Guarantor, if applicable, for payment in respect of any Security shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Scheduled Due Date in respect of them.

16 Replacement of Securities

Should any Security in respect of any Series be lost, stolen, mutilated, defaced or destroyed it may, subject to all applicable laws, regulations and any relevant authority’s regulations or requirements, be replaced at the specified office of the Registrar on payment by the claimant of the fees, expenses and Taxes incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as the Issuer may require. If any Security is mutilated or defaced it must be surrendered before replacements will be issued.

17 Unlawfulness or impracticability

Without duplication or prejudice to Condition 9.1, if the Issuer or the Guarantor determines that the performance of any of its absolute or contingent obligations under the Securities has become illegal or a physical impracticability in whole or in part for any reason, the Issuer may redeem or cancel the Securities by giving notice to Securityholders in accordance with Condition 18.

If the Issuer redeems or cancels the Securities then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such Securityholder, which amount shall be the Early Cash Settlement Amount of such Security, notwithstanding such illegality or impracticability as determined by the Determination Agent in its sole and absolute discretion. Payment will be subject to Conditions 9, 10 and 11 and will be made in such manner as shall be notified to the Securityholders in accordance with Condition 18.

18 Notices

18.1 To Securityholders

All notices to Securityholders will be deemed to have been duly given and valid:

- (i) if mailed to the relevant holders of Securities at their respective designated addresses appearing in the Register and will be deemed delivered on the third weekday (being a day other than a Saturday or a Sunday) after the date of mailing; and
- (ii) if sent to any valid e-mail or other electronic messaging address provided by the relevant holder to the issuer and the Registrar, and associated with such holder's designated address appearing in the Register; or
- (iii) if published in a leading English language daily newspaper with circulation in the United States on the date of first publication; or
- (iv) in such other manner as may be specified in the applicable Final Terms; and/or
- (v) in the case of Cleared Securities, in lieu of publication or mailing as described above, notices to Securityholders may be given to the Relevant Clearing System. In such cases notices will be deemed given on the first date of transmission to the applicable Relevant Clearing System (regardless of any subsequent publication or mailing).

18.2 To the Issuer and the Agents

In respect of any Series of Securities, all notices to the Issuer and/or the Agents must be sent to the address specified for each such entity in the Master Agency Agreement or to such other person or place as shall be specified by the Issuer and/or the Agent by notice given to Securityholders in accordance with this Condition 18.

18.3 Validity of Notices

Any determinations as to whether any notice is valid, effective and/or duly completed and in the proper form shall be made, (i) in the case of Cleared Securities, by the Issuer and the Relevant Clearing System or (ii) in the case of any other Securities by the Issuer, in consultation with the Issue and Paying Agent and shall be conclusive and binding on the Issuer, the Guarantor, the Agents and the relevant Securityholder(s).

Any notice determined not to be valid, effective, complete and in proper form shall be null and void unless the Issuer and the Relevant Clearing System, if applicable, agree otherwise. This provision shall not prejudice any right of the person delivering the notice to deliver a new or corrected notice.

The Registrar shall use all reasonable endeavours promptly to notify any Securityholder submitting a notice if it is determined that such notice is not valid, effective, complete or in the proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Guarantor, the Relevant Clearing System or any Agent, as the case may be, shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with any notification to a Securityholder or determination that a notice is not valid, effective, complete or in the proper form.

19 Governing Law and Jurisdiction

(a) *Governing Law*

The Securities and the Master Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

(b) *Jurisdiction*

The Courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Securities and/or the Master Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with them (“**Proceedings**”) shall be brought in such courts.

(c) *Service of Process*

BCCL irrevocably appoints Barclays Capital Services Limited at its offices for the time being (being at the date hereof at One Churchill Place, London E14 5HP) as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by BCCL). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, BCCL irrevocably agrees to appoint a substitute process agent and shall immediately notify Securityholders of such appointment in accordance with Condition 18. Nothing shall affect the right to serve process in any other manner permitted by law.

20 Severability

Should any one or more of the provisions contained in the terms and conditions of the Securities be or become invalid, the validity of the remaining provisions shall not be affected in any way.

21 Modification and Meetings

21.1 **Modifications to the Conditions**

The Issuer may, without the consent of the Securityholders, make any modification to these Conditions of any Securities that in its sole opinion is not materially prejudicial to the interests of the Securityholder or that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the laws of England and Wales, or (in the case of Securities issued by BCCL) the Cayman Islands, as the case may be, or to cure, correct or supplement any defective provision contained herein and/or therein.

Any such modification shall be binding on the Securityholders and any such modification shall be notified to the Securityholders in accordance with Condition 18 as soon as practicable thereafter. Failure to give, or non-receipt of, such notice will not affect the validity of such modification.

21.2 Meetings of Securityholders

The Master Agency Agreement contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Agency Agreement) of a modification of the Conditions or the Master Agency Agreement. At least 21 calendar days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is to be held) specifying the date, time and place of the meeting shall be given to Securityholders.

Such a meeting may be convened by the Issuer, the Guarantor or Securityholders holding not less than 10 per cent. in nominal amount of the Securities for the time being outstanding. The quorum at a meeting of the Securityholders (except for the purpose of passing an Extraordinary Resolution (as defined below)) will be two or more persons holding or representing a clear majority in nominal amount or number of the Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Securities, any Exercise Date or Expiration Date of the Securities or any date for payment of interest or Interest Amounts on the Securities, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption or exercise of, the Securities, (iii) to reduce the rate or rates of interest in respect of the Securities or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Securities, (iv) if a Minimum and/or a Maximum Rate of Interest is specified in the applicable Final Terms, to modify any such minimum and/or maximum, (v) to vary any method of, or basis for, calculating any Settlement Amount (other than as provided for in these Conditions), (vi) to vary the currency or currencies of payment or denomination of the Securities or (vii) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass the Extraordinary Resolution or (viii) to modify or cancel the Guarantee, in which case the quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount for the time being outstanding. The Master Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting and held in accordance with the terms of the Master Agency Agreement by a majority of at least 75 per cent of the votes cast. Any Extraordinary Resolution duly passed shall be binding on all the Securityholders, regardless of whether they are present at the meeting, save for those Securities that have not been redeemed but in respect of which an Put Option Exercise Notice shall have been delivered as described in Condition 5.2 prior to the date of the meeting. Securities that have not been redeemed but in respect of which an Put Option Exercise Notice has been delivered as described in Condition 5.2 will not confer the right to attend or vote at, or join in convening, or be counted in the quorum for, any meeting of the Securityholders.

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

22 Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Securityholders, to create and issue further Securities of any Series having the same terms and conditions as the Securities (so that, for the avoidance of doubt, references to “Issue Date” in these Conditions shall be to the first issue date of the Securities) and so that the same shall be consolidated and form a single Series with such Securities. References in these Conditions to “Securities” shall be construed accordingly.

23 Purchases and Cancellations

The Issuer, the Guarantor and any of their subsidiaries may at any time purchase Securities in the open market or otherwise at any price.

All Securities so purchased by or on behalf of the Issuer, the Guarantor or any of their subsidiaries may (but need not) be surrendered for cancellation, by surrendering the Definitive Securities to the Registrar and, in each case, if so surrendered, shall, together with all Securities redeemed by the Issuer, be cancelled forthwith. Any Securities so surrendered for cancellation may not be re-issued or resold and the obligations of the Issuer and the Guarantor in respect of any such Securities shall be discharged.

24 Contracts (Rights of Third Parties) Act 1999

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

25 General Definitions

“**Account Bank**” means, in relation to a payment denominated in a particular currency, a bank in the principal financial centre for such currency as determined by the Determination Agent or, where the relevant payment is denominated in euro, in a city in which banks have access to the TARGET System.

“**Additional Disruption Event**” means, with respect to a Series of Securities, each of (i) Change in Law, (ii) Hedging Disruption and (iii) Increased Cost of Hedging unless the applicable Final Terms specify that such events shall not constitute Additional Disruption Events for the purposes of the Securities, and (iv) any other event specified as such in the applicable 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.

“**Aggregate Nominal Amount**” means, in respect of a Series of Securities, on the Issue Date the aggregate nominal amount of the Securities of such Series specified in the applicable Final Terms and on any date thereafter such amount as reduced by any amortisation or partial redemption on or prior to such date, subject to adjustment in accordance with these Conditions.

“**Banking Day**” means, in respect of any city, any day (other than a Saturday or a Sunday) on which commercial banks are generally open for business, including dealings in foreign exchange and foreign currency deposits in that city.

“**Business Centre**” means each centre specified as such in the applicable Final Terms.

“**Business Day**” means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign Currency deposits) in each Business Centre specified in the applicable Final Terms;

“**Business Day Convention**” means any of the business day conventions specified in Condition 4.

“**Calculation Amount**” means, in respect of a Security, the Specified Denomination of such Security unless a Calculation Amount per Security is specified in the Final Terms, in which case it shall be such Calculation Amount per Security.

“**Call Option Exercise Period**” means the period specified as such in the applicable Final Terms or, if no such period is specified, the period from (but excluding) the Issue Date to (but excluding) the fifteenth Business Day preceding the Redemption Date.

“**Change in Law**” means that, on or after the Trade Date (a) due to the adoption or announcement of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (i) it has become illegal for the Issuer and/or any of its Affiliates to hold, acquire, deal in or dispose of the Hedge Positions relating to the Securities or contracts in securities, options, futures, derivatives or foreign exchange relating to such Securities, (ii) the Issuer or any of its Affiliates will incur a materially increased cost in performing their obligations under such Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on their tax position) or (iii) such regulatory change or promulgation would subject the Issuer or any of its Affiliates to materially less favourable regulatory capital treatment with respect to the Securities and any related Hedge Positions, as compared with the regulatory capital treatment applicable to the Securities and any related Hedge Positions as of the Trade Date.

“**Cleared Securities**” means any Securities that are Global Registered Securities held by the Common Depository or custodian for, or registered in the name of a nominee of, a Relevant Clearing System.

“**Clearing System Business Day**” means, in respect of a Relevant Clearing System, any day on which such Relevant Clearing System is open for the acceptance and execution of settlement instructions.

“**Clearstream**” means Clearstream Banking, société anonyme and any successor thereto.

“**Common Depository**” means, in relation to a particular Series of Securities, such depository outside the United Kingdom and the United States (and the possessions of the United States) as shall be specified in the applicable Final Terms with respect to such Series of Securities.

“**Conditions**” means, with respect to a Series of Securities, the terms and conditions of the Securities set out in these Conditions, subject to amendment and as supplemented or varied in accordance with the provisions of the applicable Final Terms.

“**Currency**” means, with respect to a country, the lawful currency of such country.

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

- (a) if “**Actual/Actual (ISMA)**” is specified in the applicable Final Terms:
- (i) if the Calculation Period is equal to or shorter than the Interest Calculation Period during which it falls, the number of calendar days in the Calculation Period divided by the product of (1) the number of calendar days in such Interest Calculation Period and (2) the number of Interest Calculation Periods normally ending in any year; and
 - (ii) if the Calculation Period is longer than one Interest Calculation Period, the sum of:
 - (A) the number of calendar days in such Calculation Period falling in the Interest Calculation Period in which it begins divided by the products of (1) the number of calendar days in such Interest Calculation Period and (2) the number of Interest Calculation Periods normally ending in one year; and
 - (B) the number of calendar days in such Calculation Period falling in the next Interest Calculation Period divided by the product of (1) the number of calendar days in such Interest Calculation Period and (2) the number of Interest Calculation Periods normally ending in one year;
- (b) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified in the applicable Final Terms, the actual number of calendar days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of calendar days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of calendar days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of calendar days in the Calculation Period divided by 365;
- (d) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of calendar days in the Calculation Period divided by 360;
- (e) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of calendar days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

“**Designated Maturity**” means, in respect of a Reference Rate, the period of time specified in respect of such Reference Rate in the applicable Final Terms.

“**DTC**” means The Depository Trust Company or any successor thereto.

“**DTC Exchange Event**” means, in respect of Global Securities, that (i) DTC has notified the Issuer at any time that it is unwilling or unable to continue as depository for the Global Securities and a successor depository has not been appointed within 90 days; (ii) DTC has ceased to be registered as a clearing agency under the Securities Act and a successor depository has not been appointed within 90 days; (iii) an interest in a Restricted Global Security has been transferred to a purchaser who will receive its interest in the form of a Definitive Security; or (iv) the Issuer, at its option, has notified the Issue and Paying Agent that it elects to cause the issuance of Definitive Securities.

“**Early Cash Redemption Date**” means, following the occurrence of an Additional Disruption Event, the date of redemption specified in the notice from the Issuer pursuant to Condition 5.4(b) or such other date specified or determined in accordance with the applicable Final Terms.

“**Early Cash Settlement Amount**” means, unless otherwise specified in the applicable Final Terms, in respect of any early redemption or cancellation of the Securities, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities following the event triggering the early redemption or cancellation, adjusted to take into account any costs, losses and expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the early redemption or cancellation of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional). In determining the Early Cash Settlement Amount, the Determination Agent may take into account prevailing market prices and/or proprietary pricing models, or where these pricing methods may not yield a commercially reasonable result, may estimate such Early Cash Settlement Amount in a commercially reasonable manner. The Early Cash Settlement Amount will be determined by the Determination Agent on or as soon as reasonably practicable following the event giving rise to the early redemption or cancellation of the Securities. For the purposes of calculating any Early Cash Settlement Amount at any time following an Event of Default, the Determination Agent will ignore the effect of such Event of Default upon the market value of the Securities.

“**Euroclear**” means Euroclear Bank S.A./N.V or any successor thereto.

“**Euro-zone**” means the region comprised of member states of the European Union that have adopted the euro as the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

“**Exchange Event**” means (i) in respect of Cleared Securities that the Issuer has been notified that any Relevant Clearing System has been closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor clearing system is available or (ii) the occurrence of any event specified in the terms of the relevant Global Security as a result of which Definitive Securities may be issued.

“**Exchange Rate**” means the rate of exchange of the Currency of one country for the Currency of another country, as determined by the Determination Agent unless otherwise specified in the applicable Final Terms.

“Extraordinary Resolution” means a resolution passed in accordance with the Master Agency Agreement relating to the relevant Securities.

“Event of Default” means each of the events set out in Condition 12.

“Final Cash Settlement Amount” means an amount per Calculation Amount (determined as at the Redemption Date) in the Settlement Currency specified, or determined in the manner specified for such purpose, in the applicable Final Terms.

“Final Terms” means, with respect to a Series of Securities, the final terms specified as such for such Securities.

“Global Registered Securities” means Securities represented by global registered securities, including the Global Securities.

“Hedge Positions” means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange, or (b) other instruments or arrangements (howsoever described) by the Issuer or any of its Affiliates in order to hedge individually or on a portfolio basis, the Issuer’s obligations in respect of the Securities.

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

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

“Interest Amount” means, in respect of an Interest Calculation Period, the amount of interest payable per Calculation Amount (determined as at the first day of such Interest Calculation Period unless otherwise specified in the applicable Final Terms) for that Interest Calculation Period.

“Interest Calculation Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the next succeeding Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date, save that the final Interest Calculation Period shall end on the earlier of the date on which the Securities are redeemed and the Interest Expiration Date.

“Interest Commencement Date” means, in respect of any interest bearing Security, the Issue Date or such other date as may be set out in the applicable Final Terms.

“Interest Determination Date” means, with respect to an Interest Rate and an Interest Calculation Period, the date specified as such in the applicable Final Terms or, if none is so specified:

- (a) the first day of such Interest Calculation Period if the Relevant Currency is sterling;

- (b) the date falling two TARGET Business Days prior to the first day of such Interest Calculation Period if the Relevant Currency is euro; or
- (c) in any other case, the date falling two London Banking Days prior to the first day of such Interest Calculation Period,

provided that if “**Arrears Setting**” is specified as applicable in the applicable Final Terms, the Interest Determination Date in respect of each Interest Calculation Period shall be the first day of the next following Interest Calculation Period or, in the case of the final Interest Calculation Period, the Redemption Date, in each case as determined by the Determination Agent.

“**Interest Period End Date**” means each date specified as such or, if none, each Interest Payment Date, provided that if an Interest Period End Date is specified not to be adjusted or the Interest Rate is Fixed Rate and an adjustment method is not specified, the Interest Period End Date will be each date specified as such or, if none, each Interest Payment Date disregarding any adjustment in accordance with any applicable Business Day Convention.

“**Interest Rate**” means either Fixed Rate, Floating Rate, Variable Rate or Zero Coupon, or any combination of Fixed Rate, Floating Rate and Variable Rate, as specified in the applicable Final Terms.

“**ISDA Definitions**” means the 2006 ISDA Definitions, published by the International Swaps and Derivatives Association, Inc., as amended and updated as at the Issue Date of the Securities.

“**ISDA Rate**” means, in respect of an Interest Calculation Period, a rate as determined by the Determination Agent equal to the Floating Rate that would be determined by the Determination Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the applicable Final Terms;
- (b) the Designated Maturity is the period specified in the applicable Final Terms;
- (c) the relevant Reset Date is the first day of that Interest Calculation Period unless otherwise specified in the applicable Final Terms; and
- (d) the Calculation Agent is the Determination Agent.

where, for the purposes of this definition, “**Floating Rate**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

“**Issue Date**” means, the date specified as such in the applicable Final Terms.

“**Issue Price**” means, the price specified as such in the applicable Final Terms.

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

“**Margin**” means the percentage rate specified as such in the applicable Final Terms.

“Nominal Amount” means the amount per Security specified as such in the applicable Final Terms, subject to adjustment in accordance with these Conditions of the Security.

“Optional Cash Settlement Amount” means, unless otherwise specified in the applicable Final Terms, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the date the Call Option Exercise Notice is given by the Issuer or the date the Put Option Exercise Notice is received by the Issuer, as the case may be, and in any event no later than the last day of the relevant Put Notice Period or Call Notice Period, as applicable, (taking into account the event triggering the redemption), adjusted to take into account any costs, losses and expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the early redemption of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional). In determining such amount, the Determination Agent may take into account prevailing market prices and/or proprietary pricing models, or where these pricing methods may not yield a commercially reasonable result, may determine such amount in a commercially reasonable manner.

“Optional Cash Redemption Date” means:

- (a) in relation to a Put Option, the last day of the relevant Put Notice Period or such other date specified or determined in accordance with the applicable Final Terms; or
- (b) in relation to a Call Option, the last day of the Call Notice Period or such other date specified or determined in accordance with the applicable Final Terms.

“Programme” means the Global Structured Securities Programme as defined in, established by and contemplated in the Master Agency Agreement, as the same may be from time to time amended, supplemented or modified.

“Put Option Exercise Notice” has the meaning given to it in Condition 5.2.

“Put Option Exercise Period” means the period specified as such in the applicable Final Terms or, if no such period is specified, the period from (but excluding) the Issue Date to (but excluding) the fifteenth Business Day preceding the Redemption Date.

“Record Date” means, in relation to a payment under a Security, the fifteenth calendar day (whether or not such fifteenth calendar day is a business day) before the relevant due date for such payment, except that with respect to Cleared Securities that are represented by a Global Registered Security it shall be the day specified in Condition 11.2(a).

“Redemption Date” means, in respect of any Series of Securities, the date specified as such in the applicable Final Terms.

“Reference Asset(s)” means, in relation to a particular Series of Securities as appropriate, a single Reference Entity, Obligation, Underlying Obligation, Underlying Obligor or Reference Obligation or basket of Reference Entities, Obligations, Underlying Obligations, Underlying Obligors, Deliverable Obligations or Reference Obligations specified as such in the applicable Final Terms.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Determination Agent.

“Reference Rate” means the rate specified as such in the applicable Final Terms.

“Register” means the register of holders of such Securities maintained by the applicable Registrar.

“Regulation S” means Regulation S under the Securities Act.

“Regulation S Global Security” means a Global Security sold outside the United States to non-US persons in reliance on Regulation S.

“Relevant Clearing System” means, as appropriate, DTC, Euroclear, Clearstream, as the case may be, through which interests in Securities are to be held and/or through an account at which such Securities are to be cleared.

“Relevant Rules” means the rules of the Relevant Clearing System.

“Relevant Screen Page” means such Reuters screen page as specified in the applicable Final Terms (or the relevant screen page of such other service or services as may be nominated as the information vendor for the purpose of displaying comparable rates in succession thereto) or such other equivalent information vending service as is so specified.

“Restricted Global Security” means a Global Security that represents a Series initially sold pursuant to Section 4(2) of the Securities Act, without Coupons, and deposited with a custodian for, and registered in the name of a nominee of, DTC on its issue date.

“Scheduled Due Date” means, in respect of any Security, the date on which payment in respect of it first becomes due (or would have first become due if all conditions precedent to payment had been satisfied) or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date five calendar days after that on which notice is duly given to the Securityholders that, upon further presentation of the Security being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Security” or **“Securities”** means any credit linked securities in registered form which may from time to time be issued pursuant to the Master Agency Agreement and to which these Conditions apply. Unless the context otherwise requires, any reference to a “Security” shall be deemed to refer to a Security having a nominal amount equal to the relevant Specified Denomination.

“Series” means the Securities of each original issue together with the Securities of any further issues expressed to be consolidated to form a single Series with the Securities of an original issue.

“Settlement Amount” means the Final Cash Settlement Amount, the Optional Cash Settlement Amount or the Early Cash Settlement Amount, as applicable.

“Settlement Currency” means the Currency specified as such in the applicable Final Terms.

“Settlement Expenses” means, in respect of any Security or Securities, any costs, fees and expenses or other amounts (other than in relation to Taxes) payable by a Securityholder per Calculation Amount on or in respect of or in connection with the redemption, exercise or settlement of such Security or Securities as determined by the Determination Agent in its sole and absolute discretion.

“Settlement Method” means in respect of a Security, the method specified as such in the applicable Final Terms.

“**Settlement Number**” means, in respect of a Series of Securities, 180 unless otherwise specified in the applicable Final Terms.

“**Specified Duration**” means the duration specified as such or, if none, a period equal to the corresponding Interest Calculation Period, ignoring any adjustment made in accordance with any Business Day convention.

“**Successor Agent**” means, in relation to any Agent or such other or further person as may from time to time be appointed by the Issuer in respect of Securities, the person identified as the successor to such Agent or other person by the Determination Agent (or if the successor relates to the Determination Agent, the Issuer) in its sole and absolute discretion. Notice of any Successor identified shall be given to Securityholders as soon as reasonably practicable after such identification in accordance with Condition 18.

“**Swap Costs**” means an amount determined by the Determination Agent in its sole and absolute discretion equal to any loss or costs incurred (or expected to be incurred) by or on behalf of the Issuer as a result of its terminating, liquidating, obtaining or re-establishing any hedge, term deposits, related trading position or funding arrangements entered into by it (including with its internal treasury function) in connection with the Securities.

“**TARGET Business Day**” means a day on which the TARGET System is operating.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (“**TARGET2**”) (or if such system ceases to be operative, such other system (if any) determined by the Determination Agent to be a suitable replacement).

“**Taxes**” means any tax, duty, impost, levy, charge or contribution in the nature of taxation or any withholding or deduction for or on account thereof, including (but not limited to) any applicable stock exchange tax, turnover tax, stamp duty, stamp duty reserve tax and/or other taxes, duties, assessments or governmental charges of whatever nature chargeable or payable and includes any interest and penalties in respect thereof.

“**Trade Date**” means the date specified as such in the applicable Final Terms.

“**Valuation Date**” has the meaning given to it in the applicable Final Terms.

“**Valuation Time**” means the time specified as such in the applicable Final Terms.

“**Variable Rate**” has the meaning given to it in Condition 4.2.

26 Additional Definitions and Interpretations applicable to Credit Linked Securities

26.1 Certain general definitions

“**2005 Matrix Supplement**” means the supplement to the 2003 ISDA Credit Derivatives Definitions published on March 7, 2005 and available at www.isda.org.

“**Credit Derivatives Determinations Committees**” means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules, as amended from

time to time in accordance with the terms thereof (the “CDDC Rules”). A copy of the Rules is available at www.isda.org/credit.

“**Credit Event Redemption Amount**” means, unless otherwise specified in the applicable Final Terms, in respect of each Security an amount equal to the CLS Cash Settlement Amount *minus* such Security’s pro rata share of the Settlement Expenses and Swap Costs.

“**DC Party**” has the meaning given to that term in the CDDC Rules.

“**DC Resolution**” has the meaning given to that term in the CDDC Rules.

“**Determination Agent City**” means the city specified as such in the applicable Final Terms or, if a city is not so specified, New York.

“**Determination Agent City Business Day**” means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Determination Agent City.

“**Interest Expiration Date**” means the earlier to occur of (i) the day prior to the Redemption Date and (ii) the day prior to the Relevant Event Determination Date, unless “**Credit Event Accrued Interest**” is specified as not applicable in the applicable Final Terms, in which case the day prior to the Interest Payment Date (or Issue Date where no Interest Payment Date has occurred) occurring on or immediately preceding the Relevant Event Determination Date.

“**Resolve**” has the meaning given to that term in the CDDC Rules, and “Resolved” and “Resolves” shall be interpreted accordingly.

“**Term**” means the period commencing on and including the Trade Date of the Securities and ending on and including the Redemption Date (or, if applicable, Deferred Redemption Date) of the Securities.

26.2 Timing

(a) *Time Zones*

Any reference in these Conditions to the occurrence of an event, including without limitation, a Credit Event, a Relevant Credit Event, a Succession Event, a Redemption Failure Event or an Additional Disruption Event on or prior to a date shall be determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time).

(b) *Settlement Suspension*

If, following the determination of an Event Determination Date in accordance with the definition thereof but prior to a CLS Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee in respect of the relevant Reference Entity are satisfied in accordance with the CDDC Rules, all timing requirements in these Conditions that pertain to settlement, shall toll and remain suspended until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) whether or not a Credit Event has occurred or (b) not to determine the such matters. During such suspension period, the Issuer is not obliged to take any action in connection with the settlement of such Credit Event or the redemption, if any, of the Securities. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (i) such matters or (ii) not to determine such matters,

the relevant timing requirements that pertain to settlement that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA with the Issuer having the benefit of the full day notwithstanding when the tolling or suspension began.

26.3 Reference Entities and Obligations

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

“Obligation” means (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if **“All Guarantees”** is specified as applicable in the 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, unless specified in the applicable Final Terms as an Excluded Obligation, and (c) any other obligation of a Reference Entity specified as such in the applicable Final Terms.

“Reference Entity” means the entity or entities specified as such in the applicable Final Terms. Any Successor to a Reference Entity either (a) identified by the Determination Agent pursuant to Condition 7.1 or 7.2 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 CDDC Rules shall, in each case, be the Reference Entity.

“Reference Obligation” means, in respect of a Reference Entity and subject to the applicable Final Terms, (i) the Specified Reference Obligation described in the applicable Final Terms (if any are so specified or described) and any Substitute Reference Obligation identified in accordance with Condition 7.3 and (ii) for purposes of determining the Final Price in Cash Settlement, the Deliverable Obligation selected by the Issuer for such purposes in accordance with Condition 5.5 or any Exchanged Obligation exchanged therefor.

“Reference Portfolio” means the Reference Entity and Reference Obligation or the portfolio of Reference Entities and Reference Obligations, as the case may be, specified in the applicable Final Terms, as the same may be amended from time to time in accordance with the provisions of these Conditions and the applicable Final Terms.

“Specified Reference Obligation” means the obligation described as such in the applicable Final Terms.

26.4 Method for determining Obligations and certain terms relating to Deliverable Obligations

Method for determining Obligations

For purposes of this Section 3, the term **“Obligation”** means 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 as of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

“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.

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

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

“**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.

“**Listed**” means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange.

“**Not Domestic Currency**” means any obligation that is payable in any currency other than the Domestic Currency.

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

“**Not Domestic Law**” means any obligation that is not governed by the laws of (A) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (B) the jurisdiction of organization of the relevant Reference Entity, if such Reference Entity is not a Sovereign.

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

“**Not Subordinated**” means an obligation that is not Subordinated to (I) the most senior Reference Obligation in priority of payment or (II) if no Specified 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 Condition 7.3 has occurred with respect to all of the Reference Obligations or if Condition 7.1(iv) 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 or Deliverable Obligation Characteristic, as applicable, “Not Subordinated” shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment unless otherwise specified in the applicable Final Terms. For purposes of determining whether an obligation satisfies the “Not Subordinated” Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, 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.

“**Obligation Characteristics**” means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, as specified (if any) in the applicable Final Terms.

“**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.

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

“**Reference Obligations Only**” means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only.

“**Subordination**” means, with respect to an obligation (the “**Subordinated Obligation**”) and another obligation of the Reference Entity to which such obligation is being compared (the “**Senior Obligation**”), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganization 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.

“**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**”).

Interpretation of provisions

If the Obligation Characteristic “**Listed**” is specified in the applicable Final Terms, the applicable 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;

Provisions relating to Qualifying Guarantees

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

For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.

For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the 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.

For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the 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.

For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.

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.

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

“**Domestic Currency**” means the currency specified as such in the applicable Final Terms and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organized, 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).

“**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 Guarantee**” means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the “**Underlying Obligation**”) for which another party is the obligor (the “**Underlying Obligor**”). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). For purposes of determining whether an arrangement qualifies as a Qualifying Guarantee (and not for purposes of physical settlement, which do not apply to the Securities), the benefit of a Qualifying Guarantee must be capable of being delivered together with the delivery of the Underlying Obligation.

“**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.

“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.

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

“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.

26.5 Conditions to Settlement

“Conditions to Settlement” means the conditions set out in the applicable Final Terms; provided, however, that all of the Conditions to Settlement shall be deemed to be satisfied by the occurrence of an Event Determination Date to the extent that such Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date, a CLS Valuation Date or the Redemption Date, as applicable.

The **“Notice of Publicly Available Information Condition to Settlement”** is satisfied by the delivery of a Notice of Publicly Available Information by the Issuer to the Issue and Paying Agent that is effective during one of the periods set out in paragraph (i) of the definition of **“Event Determination Date”**, provided that the Notice of Publicly Available Information Condition to Settlement shall be deemed to be satisfied in circumstances where 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 Determination Committee has Resolved that an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof.

“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 (a)(i) of the definition thereof for purposes of the relevant Reference Entity, 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 a Condition to Settlement, the Notice of Publicly Available Information are delivered by the Issuer to the Issue and Paying Agent and are effective during the Notice Delivery Period and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve such matters are satisfied in accordance with the CDDC 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 a Condition to Settlement, the Notice of Publicly Available Information are delivered by the Issuer to the Issue and Paying Agent and are effective no 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 Notice” means an irrevocable notice from the Issuer (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Issue and Paying Agent that

describes a Credit Event that occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date.

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.

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

- (a) whether an event that constitutes a Credit Event for purposes of the relevant Securities has occurred with respect to the relevant Reference Entity or Obligation thereof; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

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

“**DC Credit Event Announcement**” means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event for purposes of the relevant Series 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 and on or prior to the Extension Date. A DC Credit Event Announcement will be deemed not to have occurred with respect to such Reference Entity (or an Obligation thereof) 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 No Credit Event Announcement**” means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, that the event that is the subject of the notice to ISDA resulting in the occurrence of such Credit Event Resolution Request Date does not constitute a Credit Event for purposes of the relevant Series with respect to such Reference Entity (or an Obligation thereof).

“**Event Determination Date**” means:

- (a) The first date on which both the Credit Event Notice and, if “**Notice of Publicly Available Information**” is specified as a Condition to Settlement, the Notice of Publicly Available Information are delivered by the Issuer and are effective during either:
 - (i) the Notice Delivery Period; or
 - (ii) the period (I) from, and including, the day 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 "Credit Event Resolution Request Date" definition (II) to, and including, the date that is 14 calendar days thereafter,

provided that a 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),

provided however that:

- (i) the Issuer shall not deliver a Credit Event Notice if, prior to the date of delivery, a DC No Credit Event Announcement has occurred; and
 - (ii) if a DC Credit Event Announcement occurs, the Issuer may elect (by notice included in the Credit Event Notice) that the Event Determination Date be the Credit Event Resolution Request Date.
- (b) No Event Determination Date will occur, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a CLS Valuation Date or the Redemption Date or Deferred Redemption Date, as applicable, has occurred, or if a DC No Credit Event Announcement Date occurs with respect to the relevant Reference Entity or Obligation thereof.
- (c) If, in accordance with the provisions above, (i) following the determination of an Event Determination Date such 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 Event Determination Date or (B) not to have occurred or (ii) an Event Determination Date is deemed to have occurred prior to a preceding Interest Payment Date, the Determination Agent will determine (I) the adjustment payment, if any, that is payable to reflect any change that may be necessary to the amounts previously calculated and/or paid in respect of the Securities and (II) the date in which such adjustment payment is payable, if any. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment.

“Extension Date” means the latest of (a) the Redemption Date and (b) the Grace Period Extension Date if (i) **“Grace Period Extension”** is specified as applicable in the applicable Final Terms, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Redemption Date and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Redemption Date.

“Grace Period” means:

- (a) subject to clauses (b) and (c), the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if **“Grace Period Extension”** is specified in the applicable Final Terms as applicable, a Potential Failure to Pay has occurred on or prior to the Redemption Date and the applicable grace period cannot, by its terms, expire on or prior to the Redemption Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified, thirty calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless

“**Grace Period Extension**” is specified as applicable in the applicable Final Terms, such deemed Grace Period shall expire no later than the Redemption Date.

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

“**Grace Period Extension Date**” means, if (a) “**Grace Period Extension**” is specified as applicable in the applicable Final Terms and (b) a Potential Failure to Pay occurs on or prior to the Redemption Date, the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If Grace Period Extension is not specified as applicable in the applicable Final Terms, Grace Period Extension shall not apply. If (i) “**Grace Period Extension**” is specified as applicable in the applicable Final Terms, (ii) a Potential Failure to Pay occurs on or prior to the Redemption Date and (iii) an Event Determination Date in respect of that Failure to Pay does not occur on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date), the Securities will be redeemed on the Deferred Redemption Date.

“**Notice Delivery Period**” means the period from and including the Trade Date to and including a day that is 3 Business Days following the date that is fourteen calendar days after the Extension Date.

“**Notice of Publicly Available Information**” means an irrevocable notice from the Issuer delivering the relevant Credit Event Notice that cites Publicly Available Information confirming the occurrence of the Credit Event described in the Credit Event Notice. The notice given must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is applicable to a Series and a Credit Event Notice contains Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information.

“**Publicly Available Information**” means information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in a Credit Event Notice has occurred and which (i) has been published in or on 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 of the parties 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 such party or its Affiliate 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 that is not the Issuer or Guarantor (or 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, (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.

With respect to a Credit Event for which Issuer is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the Obligation with respect to which a Credit Event has occurred and (ii) a holder of such Obligation, the Issuer shall be required to deliver to the Issue and Paying Agent a certificate signed by a Managing Director (or other substantively equivalent title) of Issuer, which shall certify the occurrence of a Credit Event with respect to such Obligation.

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.

“**Public Source**” means each source of Publicly Available Information specified as such in the applicable Final Terms (or, if a source is not so specified, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organized and any other internationally recognized published or electronically displayed news sources) and such other published or electronically displayed news or other information sources referenced in any Notice of Publicly Available Information.

“**Relevant Credit Event**” means:

- (a) in the case of a Single-Name CLS, the first Credit Event to occur with respect to the Reference Entity;
- (b) in the case of an Nth-to-Default CLS, the Credit Event in relation to the Nth Event Determination Date to occur with respect to the Reference Portfolio; and
- (c) in the case of any other Securities, as specified in the applicable Final Terms.

“**Relevant Event Determination Date**” means the Event Determination Date occurring with respect to a Relevant Credit Event.

“**Specified Number**” means, unless otherwise specified in the applicable Final Terms, two.

26.6 Credit Events

“**Credit Event**” means the occurrence one or more of the Credit Events specified in the applicable Final Terms which may include Bankruptcy, Failure to Pay or Restructuring, as specified in the applicable Final Terms. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

“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 thirty calendar days of the institution or presentation thereof., (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

“Default Requirement” means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if Default Requirement is not so specified, USD 10,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the Relevant Credit Event.

“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.

“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 organization of a Reference Entity.

“Obligation Currency” means the currency or currencies in which an Obligation is denominated.

“Payment Requirement” means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if Default Requirement is not so specified, USD 1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

“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.

“**Restructuring**” means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date applicable to the relevant Securities and (ii) the date as of which such Obligation is issued or incurred:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (b) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (c) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency. “**Permitted Currency**” means (1) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership) or (2) the legal tender of any country which, as of the date of such change, is a member of the Organization for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“**S&P**”) or any successor to the rating business thereof, Aaa or higher assigned to it by Moody’s Investors Service, Inc. (“**Moody’s**”) or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings Ltd. or any successor to the rating business thereof.

Notwithstanding the above, none of the following shall constitute a Restructuring:

- (a) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (b) the occurrence of, agreement to or announcement of any of the events described in (a)-(e) 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 (a)-(e) 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.

For purposes of this definition and “Multiple Holder Obligation” below, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if “**All Guarantees**” is specified as applicable in the 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 this definition shall be deemed to refer to

the Underlying Obligor and the reference to the Reference Entity in this definition shall continue to refer to the Reference Entity.

Unless “**Multiple Holder Obligation**” is expressed to be not applicable in the applicable Final Terms, then none of the events described above shall constitute a Restructuring unless the Obligations is a Multiple Holder Obligation, where “**Multiple Holder Obligation**” means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event (provided that part (ii) shall be deemed to be satisfied where the Obligation is a Bond).

26.7 General terms relating to Redemption and Settlement

“**Deferred Redemption Date**” means, if an Extension Notice is effective and no Event Determination Date occurs on or prior to the Securities Extension Date, the date falling five Business Days after the Securities Extension Date or, if an Extension Notice is effective and an Event Determination Date occurs on or prior to the Securities Extension Date, the Credit Event Redemption Date.

“**Extended Interest Period**” means the period, if any, from and including the Redemption Date to but excluding the Deferred Redemption Date.

“**Extension Notice**” means an irrevocable notice (which may be by telephone) from the Issuer to the Issue and Paying Agent which is effective on or prior to the Redemption Date that specifies one or more Reference Entities which the Issuer determines, in its sole and absolute discretion, is or may be subject to a Credit Event or a Potential Failure to Pay.

“**Fallback Settlement Method**” means, with respect to a Series of Securities for which “**Auction Settlement**” is specified as the Settlement Method in the applicable Final Terms, Cash Settlement.

“**Securities Extension Date**” means the later to occur of (a) the last applicable day specified in the definition of Notice Delivery Period in respect of each Reference Entity specified in an Extension Notice and (b) 14 calendar days after the day on which ISDA publicly announces that either (I) the relevant Credit Derivatives Determinations Committee has Resolved the matters described in paragraphs (a) and (b) in the definition of “**Credit Event Resolution Request Date**” or (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, in either case relating to a Credit Event Resolution Request Date that occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date); provided that where such Securities Extension Date would fall after the Redemption Date, an Extension Notice is effective.

26.8 Terms relating to Cash Settlement

“**CLS Cash Settlement Amount**” means, with respect to any Security, the product of (a) the Nominal Amount or Calculation Amount of such Security determined as at the Relevant Event Determination Date and (b) the Final Price (if Cash Settlement applies) or Auction Final Price (if Auction Settlement applies).

“**CLS Valuation Date**” means:

- (a) if “**Single CLS Valuation Date**” is specified in the applicable Final Terms, a date selected by the Issuer not less than five Business Days after satisfaction of all Conditions to Settlement or if “**Cash Settlement**” is applicable pursuant to the fallback provisions in Auction Settlement, any Auction Cancellation Date or any No Auction Announcement Date, if later);

- (b) if “**Multiple CLS Valuation Dates**” is specified in the applicable Final Terms, the dates specified in the applicable Final Terms; and
- (c) if neither “**Single CLS Valuation Date**” nor “**Multiple CLS Valuation Dates**” is specified in the applicable Final Terms, Single CLS Valuation Date shall apply.

“**CLS Valuation Time**” means the time specified as such in the applicable Final Terms or, if no time is so specified, the time specified by the Determination Agent, which shall be as close as reasonably practicable to 11:00 a.m. in the relevant Determination Agent City, unless the Determination Agent determines that the principal market for transactions in the Reference Obligation would be closed at such time or such transactions are not being conducted in sufficient volume (as determined by the Determination Agent in its sole and absolute discretion) at such time, in which event the CLS Valuation Time shall be such other time as may be specified by the Determination Agent that such principal market is open.

“**Credit Event Redemption Date**” means (a) if the Credit Event Redemption Amount is not specified in the applicable Final Terms, the date that is the number of Business Days specified in the applicable Final Terms (or, if a number of Business Days is not so specified, five Business Days) following the calculation of the Final Price and (b) if the Credit Event Redemption Amount is specified in the related applicable Final Terms, the date that is the number of Business Days specified in the related applicable Final Terms (or, if a number of Business Days is not so specified, five Business Days) following the satisfaction of all Conditions to Settlement (or, if “**Cash Settlement**” is applicable as a fallback to Auction Settlement, any Auction Cancellation Date or any No Auction Announcement Date, if later); provided, however, that if Auction Settlement is applicable then the Credit Event Redemption Date shall be the cash settlement date determined pursuant to the Credit Derivatives Auction Settlement Terms for such Auction.

“**Dealer**” means, as selected by the Determination Agent, each one of at least five financial institutions, funds or other entities that purchase or deal in obligations of the type of the relevant Reference Obligation, Obligation or Deliverable Obligation one of which institutions, funds or other entities may be the Issuer or the Guarantor or an Affiliate thereof.

“**Final Price**” means the price of the Deliverable Obligation selected by the Issuer as the Reference Obligation for purposes of Cash Settlement in accordance with Condition 5.5, expressed as a percentage, determined in accordance with the specified Valuation Method. Unless Auction Settlement applies, the Determination Agent shall, as soon as reasonably practicable after obtaining all Quotations for a CLS Valuation Date, notify the Issue and Paying Agent in writing of each such Quotation (together with a written computation showing such calculation) that it receives in connection with the calculation of the Final Price. The Issue and Paying Agent shall deliver such notice through the relevant settlement system to holders of Securities, provided that the failure of the Issue and Paying Agent to deliver any such notice shall not affect the effectiveness of any notice delivered by the Determination Agent. If “**Auction Settlement**” is specified to be applicable, then notwithstanding the Valuation Method, Final Price means the Auction Final Price.

“**Full Quotation**” means, in accordance with the Quotation Method, each firm quotation obtained from a Dealer at the CLS Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an outstanding principal balance equal to the Quotation Amount.

“**Market Value**” means, with respect to a Reference Obligation on a CLS Valuation Date, (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after

disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject to paragraph (b) of the “Quotation” definition, an amount as determined by the Determination Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained within the additional five Business Day period set forth in paragraph (b) of the “Quotation” definition the Market Value shall be determined as provided in such definition.

“**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) USD 1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

“**Quotation**” means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a CLS Valuation Date in the manner that follows:

- (a) The Determination Agent shall attempt to obtain Full Quotations with respect to the CLS Valuation Date from five or more Dealers. If the Determination Agent is able to obtain two or more such Full Quotations from Dealers other than the Issuer or Guarantor in respect of such CLS Valuation Date, then the Determination Agent shall use such Full Quotations to determine the Final Price in accordance with the specified Valuation Method. If the Determination Agent is unable to obtain two or more such Full Quotations in respect of such CLS Valuation Date but is able to obtain a Weighted Average Quotation in respect of such CLS Valuation Date, then the Determination Agent shall use such Weighted Average Quotation to determine the Final Price in accordance with the specified Valuation Method.
- (b) If the Determination Agent is unable to obtain two or more such Full Quotations or such a Weighted Average Quotation in respect of such CLS Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until and including the fifth Business Day) the Determination Agent shall attempt to obtain two or more such Full Quotations from Dealers other than the Issuer or Guarantor and, if two or more such Full Quotations are not available from Dealers other than the Issuer or Guarantor on such Business Day, a Weighted Average Quotation on such Business Day. If the Determination Agent is able to obtain two or more such Full Quotations in respect of any such Business Day from Dealers other than the Issuer or Guarantor, then the Determination Agent shall use such Full Quotations to determine the Final Price in accordance with the specified Valuation Method. If the Determination Agent is unable to obtain two or more such Full Quotations in respect of any such Business Day but is able to obtain a Weighted Average Quotation in respect of any such Business Day, then the Determination Agent shall use such Weighted Average Quotation to determine the Final Price in accordance with the specified Valuation Method.
- (c) If the Determination Agent is unable to obtain two or more such Full Quotations or such a Weighted Average Quotation from Dealers other than the Issuer or Guarantor on or prior to the fifth Business Day following the relevant CLS Valuation Date, then the Determination Agent shall use the Full Quotation, if any, obtained from the Issuer or Guarantor on such fifth Business Day to determine the Final Price in accordance with the specified Valuation Method.
- (d) If the Determination Agent is unable to obtain a Full Quotation from the Issuer or Guarantor on such fifth Business Day following the relevant CLS Valuation Date, then the Quotation shall be deemed to be zero.

- (e) Any quotation provided by the Issuer, the Guarantor or an Affiliate thereof shall be deemed to be a firm quotation.
- (f) The Determination Agent shall determine, based on then current market practice in respect of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (g) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the outstanding principal balance for purposes of determining the Final Price.

“**Quotation Amount**” means the amount specified as such in the applicable Final Terms or, if no amount is so specified, an amount specified by the Determination Agent not in excess of the Aggregate Nominal Amount of the Securities outstanding (or its equivalent in the relevant Obligation Currency converted by the Determination Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

“**Quotation Method**” means the applicable Quotation Method specified in the applicable Final Terms by reference to one of the following terms (or, if no Quotation Method is specified, Bid shall apply):

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

“**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 Determination Agent.

“**Weighted Average Quotation**” means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the CLS Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an outstanding principal balance of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

“**Valuation Method**”:

- (a) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and only one CLS Valuation Date:
 - (i) “**Market**” means the Market Value determined by the Determination Agent with respect to the CLS Valuation Date; or
 - (ii) “**Highest**” means the highest Quotation obtained by the Determination Agent (or in accordance with the definition thereof) with respect to the CLS Valuation Date; or
 - (iii) “**Lowest**” means the lowest Quotation obtained by the Determination Agent (or in accordance with the definition thereof) with respect to the CLS 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 and more than one CLS Valuation Date:
- (i) “**Average Market**” means the unweighted arithmetic mean of the Market Values determined by the Determination Agent with respect to each CLS Valuation Date; or
 - (ii) “**Highest**” means the highest Quotation obtained by the Determination Agent (or in accordance with the definition thereof) with respect to any CLS Valuation Date; or
 - (iii) “**Average Highest**” means the unweighted arithmetic mean of the highest Quotations obtained by the Determination Agent (or in accordance with the definition thereof) with respect to each CLS 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 for a Series with more than one Reference Obligation and only one CLS Valuation Date:
- (i) “**Blended Market**” means the unweighted arithmetic mean of the Market Values for each Reference Obligation determined by the Determination Agent with respect to the CLS Valuation Date; or
 - (ii) “**Blended Highest**” means the unweighted arithmetic mean of the highest Quotations obtained by the Determination Agent (or in accordance with the definition thereof) for each Reference Obligation with respect to the CLS 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 for a Series with more than one Reference Obligation and more than one CLS Valuation Date:
- (i) “**Average Blended Market**” means, using values with respect to each CLS Valuation Date determined by the Determination Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each CLS Valuation Date; or
 - (ii) “**Average Blended Highest**” means, using values with respect to each CLS Valuation Date determined by the Determination Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each CLS Valuation Date.

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

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

26.9 Terms relating to Auction Settlement

If “**Auction Settlement**” is specified with respect to a Series in the applicable Final Terms and a Relevant Event Determination Date occurs on or prior to the Auction Final Price Determination Date, the Auction Final Price shall be the Final Price with respect to the related Credit Event. Without prejudice to the foregoing, but without duplication of settlement, if (a) an Auction Cancellation Date occurs, (b) a No Auction Announcement Date occurs, (c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine whether or not an event constitutes a Credit Event for purposes of the relevant credit derivative transaction, (d) an Event Determination Date was determined pursuant to paragraph (a)(i) of the definition of “Event Determination Date” and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Event Determination Date, (e) the “Deliverable Obligation Terms” under the Auction Settlement Terms applicable to the relevant Auction do not match the criteria by which the Issuer shall select a Deliverable Obligation as the Reference Obligation for purposes of Cash Settlement described in Condition 5.5 or (f) the Determination Agent determines that Cash Settlement would be a more commercially reasonable manner of determining the Final Price for purposes of calculating the Credit Event Redemption Amount in circumstances where the Relevant Credit Event is Restructuring and more than one Auction is held with respect thereto, Auction Settlement shall not apply and the Fallback Settlement Method shall apply.

“**Auction**” has the meaning set forth in the Transaction Auction Settlement Terms.

“**Auction Cancellation Date**” has the meaning set forth in the Transaction Auction Settlement Terms.

“**Auction Final Price**” has the meaning set forth in the Transaction Auction Settlement Terms in respect of the relevant Reference Entity, provided that: (i) where both a Senior Auction and a Subordinated Auction are held in connection with an Auction in respect of such Reference Entity, the Issuer may in its sole and absolute discretion elect to apply the price determined pursuant to the Senior Auction where the Reference Obligation in respect of such Reference Entity is specified as a “Sub” or “Subordinated” Reference Obligation; and (ii) if the Credit Event is a Restructuring and more than one Auction is held with respect to such Restructuring, the Determination Agent shall, for purposes of settlement, select which set of Transaction Auction Settlement Terms shall apply in a commercially reasonable manner in accordance with then current market practice by reference to the Redemption Date of the relevant Securities.

“**Auction Final Price Determination Date**” has the meaning set forth in the Transaction Auction Settlement Terms.

“**Credit Derivatives Auction Settlement Terms**” means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the CDDC Rules, a copy of which will be published by ISDA on its website from time to time and may be amended from time to time in accordance with the CDDC Rules. A form of the Credit Derivatives Auction Settlement Terms is available at www.isda.org/credit.

“**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 will be published will be held with respect to such Reference Entity and Credit Event following a prior public announcement by ISDA to the contrary, (b) following the occurrence of a Restructuring only, no Credit Derivatives Auction Settlement Terms will be published with respect to such Reference Entity and Restructuring or (c) the relevant Credit Derivatives Determinations Committee has Resolved that an Auction will be held but in respect of a different Credit Event or Reference Entity as are applicable to the relevant Series.

“**Senior Auction**” means an Auction in respect of one or more Obligations of the relevant Reference Entity specified as “Senior” pursuant to such Auction.

“**Subordinated Auction**” means an Auction in respect to of one or more Obligations of the relevant Reference Entity specified as “Subordinated” or “Sub” pursuant to such Auction.

“**Transaction Auction Settlement Terms**” means the Credit Derivatives Auction Settlement Terms applicable to the relevant Reference Entity and Reference Obligation.

26.10 Terms relating to Convertible, Exchangeable and Accreting Obligations

With respect to any Accreting Obligation, “**outstanding principal balance**” means the Accreted Amount thereof.

With respect to any Exchangeable Obligation that is not an Accreting Obligation, “**outstanding principal balance**” shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

“**Accreted Amount**” means, with respect to an Accreting Obligation, an amount equal to (A) the sum of (1) the original issue price of such obligation and (2) 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 clause (A)(2) above), in each case calculated as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the applicable CLS Valuation Date. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Determination 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 purposes of clause (A)(2) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the applicable CLS 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.

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

“**Equity Securities**” means:

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

DESCRIPTION OF THE CREDIT DEFAULT SWAP MARKET

1. CREDIT DERIVATIVES DETERMINATIONS COMMITTEES

In making certain determinations with respect to Securities, the Determination Agent shall be obliged to follow the DC Resolutions, if any, of the relevant Credit Derivatives Determinations Committees. This section sets forth a summary of the CDDC Rules, as published on the ISDA Website as of the date of this Credit Linked Securities Private Placement Supplement. This summary is not intended to be exhaustive, and prospective investors should also read the CDDC Rules and reach their own views prior to making any investment decisions.

The Credit Derivatives Determinations Committees and the July 2009 Supplement

In accordance with the CDDC Rules, a Credit Derivatives Determinations Committee has been formed for each of the regions of (a) the Americas, (b) Asia Ex-Japan, (c) Australia-New Zealand, (d) Europe, Middle East and Africa and (e) Japan. In general, a question in respect of a Reference Entity will be referred to the Credit Derivatives Determinations Committee for the region in which such Reference Entity is incorporated. As of the date of this Credit Linked Securities Private Placement Supplement, the Bank is a voting member of all the Credit Derivatives Determinations Committees. As of the date of this Credit Linked Securities Private Placement Supplement, each Credit Derivatives Determinations Committee is composed of fifteen voting members and three non-voting consultative members; a list of all the current voting and non-voting members of each Credit Derivatives Determinations Committee can be seen at www.isda.org (the “**ISDA Website**”). Going forward, Securityholders will be able to check on the ISDA Website whether the Bank remains a member of one or more Credit Derivatives Determinations Committees.

Securityholders will have no role in the composition of the Credit Derivatives Determinations Committees. Separate criteria apply with respect to the selection of institutions to serve on the Credit Derivatives Determinations Committees, and the Securityholders will have no role in establishing such criteria. In addition, the composition of the Credit Derivatives Determinations Committees will change from time to time in accordance with the CDDC Rules, as the term of an institution may expire or an institution may be required to be replaced. The number of members of the Credit Derivatives Determinations Committees may also change over time. The Securityholders will have no control over the process for selecting institutions to participate on the Credit Derivatives Determinations Committees and, to the extent provided for herein and in the applicable Final Terms, each issuance of Securities will be subject to the determinations made by such selected institutions in accordance with the CDDC Rules.

The Credit Derivatives Determinations Committees will act in accordance with the CDDC Rules and will make determinations that are relevant for the credit derivatives market by reference to 2003 ISDA Credit Derivatives Definitions, as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009) (the “**July 2009 Supplement**”), each as published by ISDA (together, the “**Supplemented Definitions**”). ISDA will serve as the secretary of each Credit Derivatives Determinations Committee and will perform administrative duties and make certain determinations as provided for under the CDDC Rules.

Convening the Credit Derivatives Determinations Committee

A Credit Derivatives Determinations Committee will be convened upon referral of a question to ISDA by either: (i) an identified eligible market participant and the agreement of at least one of the voting

members of the relevant Credit Derivatives Determinations Committee to deliberate the question; or (ii) an unidentified eligible market participant and the agreement of at least two of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question. When a voting member has referred the question, it is deemed to have provided the required agreement of one of the voting members. ISDA will convene the Credit Derivatives Determinations Committee for the region to which the referred question relates, as determined in accordance with the CDDC Rules. Any party to a transaction that incorporates, or is deemed to incorporate, the July 2009 Supplement may refer a question to ISDA for a Credit Derivatives Determinations Committee to consider. Therefore, a determination may be made with respect to a question of relevance to an issuance of Securities that would be binding on such Securities without any action by the Securityholders. Security holders should be aware that they may not, solely in their capacity as Securityholders, submit questions to be considered by a Credit Derivatives Determinations Committee.

Once a question is referred to a Credit Derivatives Determinations Committee, a DC Resolution may result quickly, as a binding vote usually must occur within two business days of the first meeting held with respect to such question unless the timeframe is extended by the Credit Derivatives Determinations Committee in accordance with the CDDC Rules. Notices of questions referred to the Credit Derivatives Determinations Committees, dates and times of meetings held to deliberate such questions and the results of binding votes will be published on the ISDA Website and none of the Issuer, the Guarantor, the Determination Agent nor any of their respective Affiliates shall be obliged to inform the Securityholders of the results of such binding votes (other than as expressly provided in this Credit Linked Securities Private Placement Supplement or the applicable Final Terms). Securityholders shall therefore be responsible for obtaining such information themselves.

Application of DC Resolutions

Each DC Resolution will be binding with respect to Securities for which the relevant provisions are not materially inconsistent with the provisions with respect to which the Credit Derivatives Determinations Committee bases its determination. The Credit Derivatives Determinations Committees will be able to make a broad range of determinations in accordance with the CDDC Rules that may be relevant to Securities and materially affect the Securityholders, including whether or not a Credit Event has occurred. However, the institutions on the Credit Derivatives Determinations Committees (including the Bank) owe no duty to the Securityholders. The Credit Derivatives Determinations Committees will be able to make determinations without action or knowledge by the Securityholders. The Credit Derivatives Determinations Committees shall have no ability to amend the terms of Securities.

Credit Events and Succession Events

The Credit Derivatives Determinations Committees will be able to determine whether a Credit Event or Succession Event has occurred and the date of such Credit Event or Succession Event. Related questions (such as the identity of the Successor or whether a Potential Failure to Pay has occurred) are also within the scope of the Credit Derivatives Determinations Committees. For the avoidance of doubt, if a Credit Derivatives Determinations Committee has not Resolved that a Credit Event has occurred, the relevant Issuer may declare a Credit Event and deliver a Credit Event Notice, provided that a Credit Derivatives Determinations Committee has not Resolved that a Credit Event has not occurred with respect to the relevant Reference Entity.

Auction Settlement

Once a Credit Derivatives Determinations Committee has Resolved that a Credit Event has occurred, such Credit Derivatives Determinations Committee may determine to hold one or more Auctions in

order to determine the Auction Final Price for purposes of settlement of the relevant transactions. For each Auction held, the Credit Derivatives Determinations Committee will publish a set of Credit Derivatives Auction Settlement Terms. In order to publish such Credit Derivatives Auction Settlement Terms, the Credit Derivatives Determinations Committee will make several related determinations, including the Auction Date, the list of Deliverable Obligations, and the supplemental terms that are detailed in Schedule 1 to the relevant Credit Derivatives Auction Settlement Terms. As the voting members of each Credit Derivatives Determinations Committee are subject to removal for failure to act as Participating Bidders in any relevant Auction, such voting members (including the Bank) will most likely act as Participating Bidders in any such Auction held with respect to a Reference Entity.

Following a DC Resolution to publish a set of Credit Derivatives Auction Settlement Terms, the Credit Derivatives Determinations Committee will determine the Deliverable Obligations for such set of Credit Derivatives Auction Settlement Terms in accordance with the procedures detailed in the CDDC Rules. The Credit Derivatives Determinations Committee will first determine the terms that will apply to such set of Credit Derivatives Auction Settlement Terms for purposes of determining Deliverable Obligations and will compile the list of Deliverable Obligations based on such terms. If such terms for selecting Deliverable Obligations do not match the criteria by which the relevant Issuer shall select a Deliverable Obligation as the Reference Obligation for purposes of Cash Settlement, as described in CLS Base Condition 5.5 and/or the Final Terms, as applicable to a series of Securities, then the Final Price determined pursuant to the Fallback Settlement Method of Cash Settlement will apply for purposes of settlement of the Securities instead of the Auction Final Price.

Other Questions

The Credit Derivatives Determinations Committees will be able to determine other referred questions that are relevant to the credit derivatives market as a whole and are not merely a matter of bilateral dispute. In cases where, with respect to a question, the required voting threshold is not satisfied by the relevant Credit Derivatives Determinations Committee, the question will be referred to a process of external review (“**External Review**”) in accordance with the CDDC Rules. Any guidance given by the Credit Derivatives Determinations Committees with respect to questions of interpretation of the Supplemented Definitions are likely to influence the Bank in interpreting corresponding provisions under the relevant issuance of Securities.

External Review

As described immediately above, certain questions deliberated by the Credit Derivatives Determinations Committees are subject to the External Review process if the required threshold is not met during the binding vote held with respect to such question. For such questions, if at least 80% of the voting members participating in a binding vote held in accordance with the CDDC Rules fail to agree, the question will be referred to the External Review process in accordance with the CDDC Rules. Questions that are not eligible for External Review often require only a simple majority of participating voting members to agree in order to reach a DC Resolution.

Questions referred to External Review will be considered by a panel of three independent individuals who will be either chosen by the relevant Credit Derivatives Determinations Committee or selected at random by ISDA from a pool of potential reviewers. The default duration of the External Review process (which can be modified by the relevant Credit Derivatives Determinations Committee in accordance with the CDDC Rules) is ten business days from the referral of the question and contemplates both the review of written submissions and the participation in oral argument proceedings. Any member of ISDA may provide written submissions to the panel of reviewers carrying out the process of External Review (each such reviewer, an “**External Reviewer**”) and the conclusion reached in accordance with the External Review process will be binding on the

Securityholders in the same way as a determination by the Credit Derivatives Determinations Committees. In instances where the vote of the relevant Credit Derivatives Determinations Committee was less than or equal to 60%, the decision of a majority of the External Reviewers will be determinative. However, in instances where the vote of the relevant Credit Derivatives Determinations Committee was between 60% and 80%, all three External Reviewers must agree in order to overturn the vote of the Credit Derivatives Determinations Committee.

Securityholders should be aware that the External Reviewers may not consider new information that was not available to the relevant Credit Derivatives Determinations Committee at the time of the binding vote of such Credit Derivatives Determinations Committee and questions may be returned to the Credit Derivatives Determinations Committee for another vote if new information becomes available. In addition, if the External Reviewers fail to arrive at a decision for any reason, the entire process will be repeated. As a result, the External Review process may be extended in certain situations, leaving questions that may materially affect the Securityholders unresolved for a period of time. Furthermore, meetings of the External Reviewers and any oral arguments held with respect to a question under External Review are private and confidential, and Securityholders shall have no opportunity to participate in, contribute to (by way of written or oral presentation), or in any way directly or indirectly influence, any such meetings or oral arguments.

Potential Conflicts of Interest; Ability of the Bank to Influence DC Resolutions

As of the date of this Credit Linked Securities Private Placement Supplement, the Bank is a voting member of all the Credit Derivatives Determinations Committees and Securityholders may determine at any future time if the Bank is still a voting member of a Credit Derivatives Determinations Committee by reference to the ISDA Website. In such capacity, the Bank may take certain actions that may influence the process and outcome of decisions of the Credit Derivatives Determinations Committees, including (without limitation):

- (a) submitting a question to ISDA (on an identified or anonymous basis) for a Credit Derivatives Determinations Committee to deliberate;
- (b) agreeing to deliberate a question referred to ISDA;
- (c) voting on the resolution of any question being deliberated by a Credit Derivatives Determinations Committee; and
- (d) advocating a certain position during the External Review process.

Any such action may be adverse to the interests of the Securityholders and may result in an economic benefit accruing to the Bank (including as Issuer and Guarantor) at the expense of Securityholders. In taking any action relating to the Credit Derivatives Determinations Committees or performing any duty under the CDDC Rules, the Bank shall have no obligation to consider the interests of the Securityholders and may ignore any conflict of interest arising due to its responsibilities under the Securities.

Securityholders will have no recourse against either the institutions serving on the Credit Derivatives Determinations Committees or the External Reviewers. Institutions serving on the Credit Derivatives Determinations Committees and the External Reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the CDDC Rules, except in the case of gross negligence, fraud or willful misconduct. Furthermore, the institutions on the Credit Derivatives Determinations Committees expressly disclaim any duty or responsibility to any party relying on the determinations of the Credit Derivatives Determinations Committees, such as the Securityholders.

Securityholders should also be aware that institutions serving on the Credit Derivatives Determinations Committees have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the Credit Derivatives Determinations Committees are not obligated to follow previous determinations and, therefore, could reach a determination that conflicts with the prior determination of a Credit Derivatives Determinations Committee that was reached on a similar set of facts.

Securityholders shall be responsible for obtaining information relating to deliberations of the Credit Derivatives Determinations Committees. Notices of questions referred to the Credit Derivatives Determinations Committees, dates and times of meetings held to deliberate such questions and the results of binding votes will be published on the ISDA Website and none of the Issuer, the Guarantor, the Determination Agent nor any of their respective Affiliates shall be obliged to inform the Securityholders of such information (other than as expressly provided in this Credit Linked Securities Private Placement Supplement or the applicable Final Terms, as applicable). Failure by the Securityholders to be aware of information relating to deliberations of a Credit Derivatives Determinations Committee will have no effect under this Credit Linked Securities Private Placement Supplement or the applicable Final Terms, as applicable, and Securityholders are solely responsible for obtaining any such information. Until such time as the information relating to deliberations of the Credit Derivatives Determinations Committees is published on the ISDA Website, the deliberations of the Credit Derivatives Determinations Committees and the External Reviewers are confidential, and the Bank is under an express obligation not to disclose such information to any person, including the Securityholders.

Amendments to the CDDC Rules

The CDDC Rules may be amended from time to time without the consent or input of the Securityholders, and the powers of the Credit Derivatives Determinations Committees may be expanded or modified as a result.

2. AUCTION SETTLEMENT TERMS

If an Event Determination Date occurs with respect to a Reference Entity for which Auction Settlement applies, (an “**Auction-Settled Reference Entity**”), the Settlement Amount with respect to the Securities will be calculated based on the Auction Final Price for such Auction-Settled Reference Entity (if any). The following is a summary of certain provisions of the Credit Derivatives Auction Settlement Terms, a form of which was published by ISDA on March 12, 2009 as Annex B to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions (such form, the “**Form of Auction Settlement Terms**”). The Form of Auction Settlement Terms is a template for any particular set of Credit Derivatives Auction Settlement Terms published with respect to a particular Auction-Settled Reference Entity and Credit Event and, as such, may be amended from time to time in accordance with the CDDC Rules. The summary provided herein is qualified by reference to the detailed provisions thereof and does not purport to be complete. For purposes of understanding the terms of any particular Auction, Securityholders must refer to the relevant set of Credit Derivatives Auction Settlement Terms for detailed information regarding the auction methodology set forth therein (the “**Auction Methodology**”). Any Auction and the Auction Methodology with respect thereto apply to certain types of credit derivative transactions referencing the Auction-Settled Reference Entity and do not apply specifically to funded securities, such as the Securities; however, if an Event Determination Date occurs with respect to an Auction-Settled Reference Entity, an Auction is held with respect to such Auction-Settled Reference Entity and the Deliverable Obligation terms for such auction matches the criteria by which the relevant Issuer shall select a Deliverable Obligation as the Reference Obligation for purposes of Cash Settlement, as described in CLS Base Condition 5.5 and/or the Final Terms, as applicable to the relevant series of Securities, the Determination Agent will apply the

Auction Final Price determined in such Auction to the Securities. Each set of Credit Derivatives Auction Settlement Terms published by ISDA from time to time will be available on the ISDA Website. Securityholders should be aware that the terms of any relevant set of Credit Derivatives Auction Settlement Terms will be determined by the relevant Credit Derivatives Determinations Committee without consultation with the Securityholders.

Ability of the Bank to influence the outcome of the Auction

As of the date of this Credit Linked Securities Private Placement Supplement, the Bank is a voting member of all the Credit Derivatives Determinations Committees. In order to avoid removal from the Credit Derivatives Determinations Committees, the Bank will most likely act as a Participating Bidder in any Auction held with respect to a Reference Entity. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation):

- (a) submitting Initial Market Bids, Initial Market Offers and Dealer Physical Settlement Requests; and
- (b) submitting Limit Bids and Limit Offers.

In deciding whether to take any such action (or whether to act as a Participating Bidder in any Auction), the Bank shall be under no obligation to consider the interests of any Securityholder.

Publication of Credit Derivatives Auction Settlement Terms

Pursuant to the CDDC Rules, a Credit Derivatives Determinations Committee may determine that a Credit Event has occurred in respect of a Reference Entity (such entity, an “**Affected Reference Entity**”) and that one or more Auctions will be held in order to settle affected transactions referencing such Affected Reference Entity based upon an Auction Final Price determined according to the Auction Methodology set forth in the set of Credit Derivatives Auction Settlement Terms published with respect to such Credit Event. For purposes of such Credit Derivatives Auction Settlement Terms, the Credit Derivatives Determinations Committee will make several related determinations, including the Auction Date, the Deliverable Obligations and the supplemental terms that are detailed in Schedule 1 to such Credit Derivatives Auction Settlement Terms. As the voting members of each Credit Derivatives Determinations Committee are subject to removal for failure to act as Participating Bidders in any relevant Auction, such voting members (including the Bank) will most likely act as Participating Bidders in any such Auction held with respect to a Reference Entity.

Auction Settlement following a Restructuring

Following a Restructuring Credit Event (in contrast to other Credit Events) in respect of a Reference Entity, obligations of such Reference Entity with a shorter remaining maturity typically (though not always) trade at a higher price than obligations of such Reference Entity with a longer-dated maturity. If a Restructuring occurs for purposes of a credit derivative transaction in respect of a Reference Entity with respect to which either “Restructuring Maturity Limitation and Fully Transferable Obligation” (“**Mod R**”) or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation” (“**Mod Mod R**”) is specified as applicable, several separate Auctions may be held with respect to such Restructuring.

In cases where settlement of a credit derivative transaction is triggered by the buyer of protection under such credit derivative transaction, and Mod R (being market standard for credit derivative transactions referencing North American corporate entities to which Restructuring is applicable) or Mod Mod R (being market standard for credit derivative transactions referencing European corporate entities) is applicable, any obligation which such buyer wishes to deliver to the seller of protection under such credit derivative transaction must not only constitute a Deliverable Obligation

but must also satisfy additional requirements as to transferability (for Mod R, being a Fully Transferable Obligation and for Mod Mod R, being a Conditionally Transferable Obligation) and as to its final maturity date. Pursuant to Mod R, Deliverable Obligations must have a final maturity date not later than the applicable Restructuring Maturity Limitation Date, and pursuant to Mod Mod R, Deliverable Obligations must have a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, as described under CLS Base Conditions 8.4 and 8.5.

Following the determination by the relevant Credit Derivatives Determinations Committee that a Restructuring has occurred with respect to a Reference Entity for which either Mod R or Mod Mod R is specified as applicable under standard market terms applicable to credit derivatives transactions relating to such Reference Entity, such Credit Derivatives Determinations Committee will compile a Final List of Deliverable Obligations and designate, for each maturity bucket (each, a "**Maturity Bucket**") those Deliverable Obligations from the Final List that are assigned to each Maturity Bucket by reference to their final maturity dates. Broadly speaking, market practice is such that a total of eight separate Maturity Buckets might apply in respect of a Reference Entity with respect to which a Restructuring has occurred and in respect of which Mod R or Mod Mod R is applicable. The first seven such Maturity Buckets will each encompass a maturity period that ends, respectively, on the first of March 20, June 20, September 20 or December 20 to occur on or immediately following the date that is 2.5 years, 5 years, 7.5 years, 10 years, 12.5 years, 15 years or 20 years following the Restructuring Date; and the eighth Maturity Bucket will encompass a maturity period ending after 20 years following the Restructuring Date (each such ending date, a "**Maturity Bucket End Date**"). Credit derivative transactions triggered by the buyer of protection will, as a general rule, be assigned to the Maturity Bucket with the Maturity Bucket End Date that occurs on or immediately following the scheduled termination date of such credit derivative transaction (or, in certain cases where there are no Deliverable Obligations with a final maturity on or prior to the scheduled termination date of such credit derivative transaction but after the Maturity Bucket End Date immediately preceding such scheduled termination date, to a Maturity Bucket with a Maturity Bucket End Date preceding such scheduled termination date).

Deliverable Obligations which are Fully Transferable or Conditionally Transferable, as the case may be, and which have a remaining term that ends on or prior to the relevant Maturity Bucket End Date for the Maturity Bucket in which the relevant credit derivative transaction falls will be Deliverable Obligations for the purposes of such Maturity Bucket and for those Maturity Buckets with later Maturity Bucket End Dates, if any.

Following the publication of the Final List, there may be no Auction held for certain Maturity Buckets, because the relevant Credit Derivatives Determinations Committee has determined that:

- (a) there are no Deliverable Obligations in such Maturity Bucket that are distinct from the Deliverable Obligations in an earlier-dated Maturity Bucket;
- (b) a Credit Derivatives Settlement Auction for any such Maturity Bucket is not warranted because of the limited notional volume of credit derivative transactions with remaining terms falling within such Maturity Bucket; or
- (c) although a sizeable notional volume of credit derivative transactions with remaining terms falling within such Maturity Bucket exists, the number of such credit derivative transactions with respect to which a Credit Event Notice has been delivered, thus resulting in the occurrence of an Event Determination Date, is too small to warrant holding a Credit Derivatives Settlement Auction.

In the event that Auction Settlement applies in respect of a series of Securities for which the Relevant Credit Event is Restructuring, in determining the Auction Final Price, the Determination Agent may have regard to the practice described above. For instance, the Determination Agent may notionally

"assign" the Securities to a Maturity Bucket with a Maturity Bucket End Date that is greater than, but closest to, the remaining term of the Securities or, if no Auction is held in respect of such Maturity Bucket, to the next earlier-dated Maturity Bucket for which an Auction is held, and apply the Auction Final Price in respect of the relevant Maturity Bucket to the Securities. However, the Determination Agent shall not be obliged to do so and may instead apply the Fallback Settlement Method of Cash Settlement if it determines that it would be more commercially reasonable to determine a Final Price pursuant to Cash Settlement than to apply an Auction Final Price determined pursuant to Auction Settlement for purposes of calculating the Credit Event Redemption Amount in respect of such Securities.

Auction Methodology

Each Auction, scheduled to take place on the Auction Date specified in the relevant Credit Derivatives Auction Settlement Terms, consists of two bidding periods, an Initial Bidding Period and a Subsequent Bidding Period.

Initial Bidding Period

During the Initial Bidding Period, Participating Bidders will submit to the Administrators:

- (a) Initial Market Bids;
- (b) Initial Market Offers;
- (c) Dealer Physical Settlement Requests; and
- (d) Customer Physical Settlement Requests (to the extent received by Participating Bidders from customers).

Initial Market Bids and Initial Market Offers are firm quotations, expressed as percentages, to enter into credit derivative transactions in respect of the Affected Reference Entity on terms equivalent to the Representative Auction-Settled Transaction.

The Initial Market Bid and Initial Market Offer submitted by each Participating Bidder must differ by no more than the Maximum Initial Market Bid-Offer Spread of par and must be an integral multiple of the Relevant Pricing Increment. The Initial Market Bid must be less than the Initial Market Offer.

Dealer Physical Settlement Requests and Customer Physical Settlement Requests are firm commitments, submitted by a Participating Bidder, on its own behalf or on behalf of a customer, as applicable, to enter into a Representative Auction-Settled Transaction, in each case, as a seller of protection (in which case, such commitment will be a "**Physical Settlement Buy Request**") or a buyer of protection (in which case, such commitment will be a "**Physical Settlement Sell Request**"). Each Dealer Physical Settlement Request must be, to the best of such Participating Bidder's knowledge and belief, in the same direction as, and not in excess of, its Market Position. Each Customer Physical Settlement Request must be, to the best of the relevant customer's knowledge and belief (aggregated with all Customer Physical Settlement Requests submitted by such customer), in the same direction as, and not in excess of, its Market Position.

Determination of Open Interest, Initial Market Midpoint and Adjustment Amounts

Following the conclusion of the Initial Bidding Period, the Administrators will calculate the Open Interest, the Initial Market Midpoint and any Adjustment Amounts in respect of the Auction.

The Open Interest is the difference between all Physical Settlement Sell Requests and all Physical Settlement Buy Requests.

To determine the Initial Market Midpoint, the Administrators will:

(a) sort the Initial Market Bids in descending order and the Initial Market Offers in ascending order, identifying tradable markets (for which bids are higher than, or equal to, offers) and non-tradable markets (for which bids are lower than offers);

(b) sort non-tradable markets in terms of tightness of spread between Initial Market Bid and Initial Market Offer; and

(c) identify that half of the non-tradable markets with the tightest spreads. The Initial Market Midpoint is determined as the arithmetic mean of the Initial Market Bids and Initial Market Offers contained in the half of non-tradable markets with the tightest spreads.

Any Participating Bidder whose Initial Market Bid or Initial Market Offer forms part of a tradable market will be required to make a payment to ISDA on the third Business Day after the Auction Final Price Determination Date (an “**Adjustment Amount**”), calculated in accordance with the Auction Methodology. Any payments of Adjustment Amounts shall be used by ISDA to defray any costs related to any auction that ISDA has coordinated, or that ISDA will in the future coordinate, for purposes of settlement of credit derivative transactions.

If for any reason no single Initial Market Midpoint can be determined, the procedure set out above may be repeated.

Assuming any such repetition is unnecessary, at the time specified in the Credit Derivatives Auction Settlement Terms, the Administrators will publish the Open Interest, the Initial Market Midpoint and the details of any Adjustment Amounts in respect of the Auction.

If the Open Interest is zero, the Auction Final Price will be the Initial Market Midpoint.

Subsequent Bidding Period

Assuming the Open Interest does not equal zero, following the determination of the Initial Market Midpoint, a Subsequent Bidding Period will take place, during which Participating Bidders will submit Limit Order Submissions. If the Open Interest is an offer to sell Deliverable Obligations, Participating Bidders will submit Limit Bids. If the Open Interest is a bid to purchase Deliverable Obligations, Participating Bidders will submit Limit Offers. In each case, Participating Bidders submit Limit Order Submissions on behalf of customers and for their own account.

Matching bids and offers

If the Open Interest is a bid to purchase Deliverable Obligations, the Administrators will match the Open Interest against all Initial Market Offers and Limit Offers, as further described in the Auction Methodology. If the Open Interest is an offer to sell Deliverable Obligations, the Administrators will match the Open Interest against all Initial Market Bids and Limit Bids, as further described in the Auction Methodology.

(a) Auction Final Price when the Open Interest is Filled

The Auction Final Price will be the price associated with the matched market that is the highest offer or the lowest bid, as applicable, provided that:

(i) if the Open Interest is an offer to sell Deliverable Obligations and the price associated with the lowest matched bid exceeds the Initial Market Midpoint by more than the Cap Amount, then the Auction Final Price will be the Initial Market Midpoint plus the Cap Amount; and

(ii) if the Open Interest is a bid to purchase Deliverable Obligations and the Initial Market Midpoint exceeds the price associated with the highest offer by more than the Cap Amount, then the Auction Final Price will be the Initial Market Midpoint minus the Cap Amount.

(b) Auction Final Price when the Open Interest is Not Filled

If, once all the Initial Market Bids and Limit Bids or Initial Market Offers and Limit Offers, as applicable, have been matched to the Open Interest, part of the Open Interest remains, the Auction Final Price will be:

(i) if the Open Interest is a bid to purchase Deliverable Obligations, the greater of (A) 100% and (B) the highest Limit Offer or Initial Market Offer received; or

(ii) if the Open Interest is an offer to sell Deliverable Obligations, zero.

100% Cap to Auction Final Price

In all cases, if the Auction Final Price determined pursuant to the Auction Methodology is greater than 100%, then the Auction Final Price will be deemed to be 100%.

Publication of Auction Final Price

Following the conclusion of the Subsequent Bidding Period, the Administrators will publish at www.markit.com and www.creditfixings.com, or at any successor websites thereto, at the time specified in the Credit Derivatives Auction Settlement Terms:

(a) the Auction Final Price;

(b) the names of the Participating Bidders who submitted bids, offers, valid Dealer Physical Settlement Requests and valid Customer Physical Settlement Requests, together with the details of all such bids and offers submitted by each; and

(c) the details and size of all matched trades.

Application of the Fallback Settlement Method

Following the occurrence of an Event Determination Date with respect to a Series of Securities for which Auction Settlement is specified in the applicable Final Terms as the Settlement Method, the Fallback Settlement Method of Cash Settlement will apply in the following circumstances:

(a) no Auction is held with respect to the relevant Reference Entity and Credit Event or the terms for selecting Deliverable Obligations for such Auction do not match the criteria by which the relevant Issuer shall select a Deliverable Obligation as the Reference Obligation for purposes of Cash Settlement, as described in CLS Base Condition 5.5 and/or the Final Terms;

(b) any Auction that would otherwise apply for purposes of settling such Credit Event is cancelled; or

(c) following a Restructuring with respect to a Reference Entity for which either “**Restructuring Maturity Limitation and Fully Transferable Obligation**” or “**Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation**” is specified as applicable in the applicable

Final Terms, the Determination Agent determines in a commercially reasonable manner in accordance with then current market practice by reference to the Redemption Date of the relevant Securities that no Auction held with respect to such Restructuring will apply for purposes of settling such Securities.

Pursuant to the Fallback Settlement Method, the Determination Agent will determine the CLS Cash Settlement Amount by reference to a Final Price for a Reference Obligation selected by the relevant Issuer for purposes of Cash Settlement in accordance with CLS Base Condition 5.5 and/or the applicable Final Terms. The Final Price will be determined in a Dealer poll, pursuant to which the Determination Agent will solicit quotations from Dealers, which quotations will be valued in accordance with the specified Valuation Method.

Certain Definitions

“Administrators” means both Markit Group Limited and Creditex Securities Corp., acting together, or such other entities as may be appointed to perform the role of the Administrators by ISDA from time to time.

“Auction Covered Transactions” means all credit derivative transactions referencing the Affected Reference Entity which satisfy the criteria set forth in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity, including in respect of the provisions in such credit derivative transactions that set forth the criteria for establishing what obligations may constitute Deliverable Obligations (or, in the case of a cash-settled credit derivative transaction, the provisions therein that set forth the criteria for establishing what obligations may be valued to determine a final price).

“Auction Date” means the first date on which the relevant Auction will be held, as set forth in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

“Auction Final Price Determination Date” means the day, if any, on which the Auction Final Price is determined.

“Auction-Linked Cash Settled Transaction” means, with respect to a Participating Bidder or customer, a credit derivative transaction of one of a number of types more fully described in the relevant Credit Derivatives Auction Settlement Terms that is not an Auction Covered Transaction, but with respect to which the parties thereto have agreed that settlement will occur by payment of an amount calculated by reference to the Auction Final Price determined in accordance with such Credit Derivatives Auction Settlement Terms.

“Business Day” means a day on which commercial banks and foreign exchange markets are generally open to settle payments in, if the Transaction Type of the relevant Affected Reference Entity is included in:

(a) the Americas, New York; and

(b) otherwise, London.

“Cap Amount” means the percentage that is equal to one half of the Maximum Initial Market Bid-Offer Spread (rounded to the nearest Relevant Pricing Increment).

“Customer Limit Order Submission” means a submission from a customer of a Participating Bidder to such Participating Bidder consisting of either a Limit Bid or a Limit Offer (expressed as a percentage, in increments equal to the Relevant Pricing Increment, of the outstanding principal

balance, rather than the face amount, of Deliverable Obligations (but not less than 0.00%)) and stating a Quotation Amount.

“Customer Physical Settlement Request” means a Physical Settlement Request, submitted by a customer of a Participating Bidder to such Participating Bidder and accepted by such Participating Bidder, as more fully described in the relevant Credit Derivatives Auction Settlement Terms.

“Dealer Physical Settlement Request” means, with respect to a Participating Bidder, a Physical Settlement Buy Request or Physical Settlement Sell Request, which is, to the best of such Participating Bidder’s knowledge and belief, on the same side of the market as, and not in excess of, the Market Position of it and its Affiliates.

“Final List” has the meaning set forth in the CDDC Rules.

“Floating Rate Payer Calculation Amount” means the amount specified as such in the relevant documentation for a credit derivative transaction.

“Initial Bidding Period” means the period of time set forth as such in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity, as such period may be postponed and/or extended by the Administrators, *inter alia*, to preserve the integrity of the relevant Auction.

“Initial Market Bid” means a firm commitment by a Participating Bidder, submitted as part of a Valid Initial Market Submission, to enter as seller of protection (i.e., the party that has an obligation to accept delivery of Deliverable Obligations) into an agreement on terms equivalent to the Representative Auction-Settled Transaction for which the Floating Rate Payer Calculation Amount is the Initial Market Quotation Amount and at the Reference Price stated in the Valid Initial Market Submission.

“Initial Market Midpoint” means the price determined to be the Initial Market Midpoint pursuant to the relevant Credit Derivatives Auction Settlement Terms.

“Initial Market Offer” means a firm commitment by a Participating Bidder, submitted as part of a Valid Initial Market Submission, to enter as buyer of protection (i.e., the party that would deliver Deliverable Obligations) into an agreement on terms equivalent to the Representative Auction-Settled Transaction for which the Floating Rate Payer Calculation Amount is the Initial Market Quotation Amount and at the Reference Price stated in the Valid Initial Market Submission.

“Initial Market Submission” means a submission from a Participating Bidder consisting of both an Initial Market Bid and an Initial Market Offer (each expressed as a percentage, in increments equal to the Relevant Pricing Increment, of the outstanding principal balance, rather than the face amount, of Deliverable Obligations (but not less than 0.00%)) which do not differ from one another by more than is permitted under the relevant Credit Derivatives Auction Settlement Terms, and for which the Initial Market Bid is not greater than or equal to the Initial Market Offer.

“Initial Market Quotation Amount” has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

“Limit Bid” means a firm commitment by a Participating Bidder or a customer, as applicable, submitted as part of a Limit Order Submission or a Customer Limit Order Submission, as applicable, to enter as Seller (i.e., the party that has an obligation to accept delivery of Deliverable Obligations) into an agreement on terms equivalent to a Representative Auction-Settled Transaction for which the Floating Rate Payer Calculation Amount is the Quotation Amount stated in such Limit Order

Submission or Customer Limit Order Submission, as applicable, and at the Reference Price stated in such Limit Order Submission or Customer Limit Order Submission, as applicable.

“Limit Offer” means a firm commitment by a Participating Bidder or a customer, as applicable, submitted as part of a Limit Order Submission or a Customer Limit Order Submission, as applicable, to enter as Buyer (i.e., the party that would deliver Deliverable Obligations) into an agreement on terms equivalent to a Representative Auction-Settled Transaction for which the Floating Rate Payer Calculation Amount is the Quotation Amount stated in such Limit Order Submission or Customer Limit Order Submission, as applicable, and at the Reference Price stated in such Limit Order Submission or Customer Limit Order Submission, as applicable.

“Limit Order Submission” means a submission from a Participating Bidder consisting of either a Limit Bid or a Limit Offer (expressed as a percentage, in increments equal to the Relevant Pricing Increment, of the outstanding principal balance, rather than the face amount, of Deliverable Obligations (but not less than 0.00%)) and stating a Quotation Amount.

“Market Position” means, with respect to a Participating Bidder or customer, as applicable, the aggregate amount of Deliverable Obligations that the relevant Participating Bidder or customer, as applicable, would have to buy or sell in order to obtain an identical risk profile after the Auction Settlement Date compared to its risk profile prior to the Auction Settlement Date with respect to all Auction Covered Transactions (excluding those Auction Covered Transactions for which the trade date is the Auction Final Price Determination Date) and all Auction-Linked Cash Settled Transactions to which such Participating Bidder, or any affiliate of such Participating Bidder, as applicable, or such customer, or any affiliate of such customer, as applicable, is a party and to which every other party is an Auction Party, such risk profile to be determined without regard to whether the original transactions were documented as cash settled or physically settled transactions.

“Maximum Initial Market Bid-Offer Spread” means the percentage set forth in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

“Open Interest” the difference between (a) the sum of all Quotation Amounts stated in each Physical Settlement Buy Request and (b) the sum of all Quotation Amounts stated in each Physical Settlement Sell Request, as more fully described in the relevant Credit Derivatives Auction Settlement Terms.

“Participating Bidders” means the institutions that will act as participating bidders in the Auction.

“Physical Settlement Request” means a request from a Participating Bidder consisting of a Physical Settlement Buy Request or a Physical Settlement Sell Request, as applicable, as more fully described in the relevant Credit Derivatives Auction Settlement Terms.

“Quotation Amount” means the amount in the relevant currency stated as the notional amount with respect to an Initial Market Submission, a Limit Order Submission or a Physical Settlement Request, as more fully described in the relevant Credit Derivatives Auction Settlement Terms.

“Relevant Pricing Increment” has the meaning set forth in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

“Representative Auction-Settled Transaction” means a single-name, physically-settled credit derivative transaction referencing the Affected Reference Entity on the terms specified with respect to such transaction in the relevant set of Credit Derivatives Auction Settlement Terms.

“Subsequent Bidding Information Publication Time” has the meaning set forth in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

“Subsequent Bidding Period” means the period of time set forth as such in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity, as such period may be postponed and/or extended by the Administrators, *inter alia*, to preserve the integrity of the relevant Auction.

“Valid Initial Market Submission” means, with respect to a Participating Bidder, an Initial Market Submission submitted by such Participating Bidder and received by the Administrators during the Initial Bidding Period.

CLEARANCE, SETTLEMENT AND TRANSFER RESTRICTIONS

Form

Securities of a Series will initially be sold pursuant to Section 4(2) of the Securities Act in the form of Restricted Global Securities or Definitive Securities. Such Restricted Global Securities may be resold in accordance with (i) Rule 144A of the Securities Act in global form, (ii) Rule 903 or Rule 904 of the Securities Act in global form or (iii) Section 4(2) of the Securities Act in definitive form, upon an exchange pursuant to Condition 1.5(b) of the CLS Base Conditions. Definitive Securities will only be available, in the case of Securities initially represented by a Restricted Global Security, in minimum amounts of U.S.\$250,000 (or its equivalent rounded upwards as agreed between the relevant Issuer and the relevant Manager(s)), or higher integral multiples of U.S.\$10,000 (or equivalent).

Book-Entry Ownership

Global Securities

The relevant Issuer, and the Registrar appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Securities represented by a Restricted Global Security. Each such Restricted Global Security will have a CUSIP number. Each Restricted Global Security will be subject to restrictions on transfer contained in a legend appearing on the front of such Restricted Global Security as set out under “Transfer Restrictions for Securities”. In certain circumstances, as described below in “Transfer Restrictions for Securities”, transfers of interests in a Restricted Global Security may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Securities to be cleared through the facilities of DTC, the custodian with whom the Restricted Global Securities are deposited, and DTC, will electronically record the aggregate nominal amount or number of Securities, as applicable, represented by the Restricted Global Securities held within the DTC system. Investors may hold their beneficial interests in a Restricted Global Security directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

After issuance, if any Security is subsequently transferred in a transaction compliant with Rules 903 or 904 of the Securities Act, the relevant Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of such transferred Securities to be represented by a Regulation S Global Security. Each Regulation S Global Security deposited with a common depositary for, and registered in the name of, a nominee of Euroclear and/or Clearstream will have an ISIN and a Common Code.

Payments through Relevant Clearing Systems

Payments of the principal of, and interest on, each Global Security registered in the name of a Relevant Clearing System’s nominee will be to, or to the order of, its nominee as the registered owner of such Global Security. The Issuers expect that the nominee, upon receipt of any such payment, will immediately credit the Relevant Clearing System participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount, calculation amount or number of the Securities, as applicable, represented by the relevant Global Security, as shown on the records of the Relevant Clearing System or the nominee. The Issuers also expect that payments by the Relevant Clearing System’s participants to owners of beneficial interests in such Global Security

held through such Relevant Clearing System's participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such Relevant Clearing System's participants. None of the Issuers, the Guarantor or the Issue and Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, ownership interests in any Global Security, or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payments through DTC

Payments in U.S. dollars of principal and interest in respect of a Restricted Global Security registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Restricted Global Security. Payments of principal and interest in a currency other than U.S. dollars in respect of Securities evidenced by a Restricted Global Security registered in the name of a nominee of DTC will be made or procured to be made by the Exchange Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Exchange Agent or its agent to DTC with respect to Securities held by DTC or its nominee will be received from the relevant Issuer or the Guarantor (as applicable) by the Exchange Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Exchange Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Master Agency Agreement sets out the manner in which such conversions are to be made.

Transfers of Interests in Global Securities

Transfers of interests in Global Securities within DTC, Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the Relevant Clearing System. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Security to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Security to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in a Regulation S Global Security may only be held through Euroclear or Clearstream. In the case of Securities to be cleared through Euroclear, Clearstream and/or DTC, transfers may be made at any time by a holder of an interest in a Regulation S Global Security to a transferee who wishes to take delivery of such interest through a Restricted Global Security for the same Series of Securities; provided that any such transfer made on or prior to the expiration of the period that ends 40 calendar days after the completion of the distribution of the Securities represented by such Regulation S Global Security, as certified by the relevant Manager (such period, the "**Distribution Compliance Period**"), will only be made upon receipt by the Registrar of a written certificate from Euroclear or Clearstream as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A ("**QIB**") in a transaction meeting the requirements of Rule 144A

and in accordance with any applicable securities laws of any state of the United States. Any such transfer made following the end of the Distribution Compliance Period relating to the Securities represented by such Regulation S Global Security will only be made upon request through Euroclear or Clearstream by the holder of an interest in the Regulation S Global Security to the Issue and Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Security. Transfers at any time by a holder of any interest in the Restricted Global Security to a transferee who takes delivery of such interest through a Regulation S Global Security will only be made upon delivery to any Registrar of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, as the case may be, and DTC to be credited and debited, respectively, with an interest in each relevant Global Security.

Subject to compliance with the transfer restrictions applicable to the Securities described below and under “Transfer Restrictions for Securities”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the custodian, the Registrar and the Issue and Paying Agent.

On or after the Issue Date for any Series, transfers of Securities of such Series between accountholders in Euroclear and/or Clearstream and transfers of Securities of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear or Clearstream, on the other, transfers of interests in the relevant Global Securities will be effected through the Issue and Paying Agent, the custodian and the Registrar who shall receive instructions (and where appropriate certification) from the transferor and arrange for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Security resulting in such transfer and (ii) two business days after receipt by the Issue and Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Securities, see “Transfer Restrictions for Securities”.

DTC has advised the relevant Issuer that it will take any action permitted to be taken by a holder of Securities (including, without limitation, the surrender of Restricted Global Securities for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Securities are credited and only in respect of such portion of the aggregate nominal amount or aggregate number of Securities, as applicable, represented by the relevant Restricted Global Securities as to which such participant or participants has or have given such direction.

DTC has advised the relevant Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through

electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although Euroclear, Clearstream and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Securities among participants and accountholders of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Guarantor or the Issue and Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Definitive Securities

Securities may be issued in definitive form in accordance with Condition 1 of the CLS Base Conditions. In such circumstances, the relevant Issuer will cause sufficient individual Securities to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Securityholder(s). A person having an interest in a Global Security who is exchanging such interest for a Definitive Security must provide the Registrar with:

- (i) a written order containing instructions and such other information as the relevant Issuer and the Registrar may require to complete, execute and deliver such Definitive Securities; and
- (ii) in the case of a Restricted Global Security, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale, a certification that the transfer is being made in compliance with the provisions of Section 4(2) of the Securities Act. Definitive Securities issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Section 4(2) of the Securities Act, Rule 144A and Regulation S.

Pre-issue Trades Settlement

It is expected that delivery of Securities will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the U.S. secondary market generally are required to settle within three business days ("T+3"), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Securities in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Securities initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Securities may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Securities who wish to trade Securities between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

Transfer Restrictions for Securities

Each purchaser of Securities (other than a Manager) that is not acquiring such Securities in a transaction compliant with one of Rules 144A, 903 or 904 of the Securities Act shall have represented, agreed and acknowledged in a transfer letter that:

- (1) (i) It is an “accredited investor” within the meaning of Rule 501(a) under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) that is acquiring the Securities for its own account for investment purposes and not with a view to, or for the offer or sale in connection with, any distribution thereof, (ii) it agrees to provide notice of the transfer restrictions applicable to the Securities to any subsequent transferee (which transferee, if it is an “accredited investor” within the meaning of Rule 501(a) under the Securities Act, shall be required to make these same representations), and (iii) it is aware that the sale of such Securities to it is being made in reliance on Section 4(2) of the Securities Act.
- (2) It understands that the Securities are being offered in a transaction not involving any public offering within the United States within the meaning of the Securities Act and that the Securities have not been and will not be registered under the Securities Act, and that the Securities may not be offered, sold, pledged or otherwise transferred except (i) in accordance with Section 4(2) of the Securities Act to an “accredited investor” within the meaning of Rule 501(a) under the Securities Act, (ii) in accordance with Rule 144A under the Securities Act (“**Rule 144A**”) to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB, (iii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (iv) pursuant to an exemption from registration under Rule 144 under the Securities Act (“**Rule 144**”), if available, or (v) pursuant to an effective registration statement under the Securities Act, in each case, in accordance with any applicable securities laws of any State of the United States, and it agrees that if in the future it decides to offer, resell, pledge or otherwise transfer such Securities or any beneficial interest in such Securities to an “accredited investor” within the meaning of Rule 501(a) under the Securities Act, such Securities may be offered, resold, pledged or otherwise transferred to such accredited investor only if such accredited investor delivers to the Issuer and the Registrar a letter of representation substantially in the form of Schedule 5 Part D of the Master Agency Agreement referred to in the CLS Base Conditions. It will, and each subsequent holder of the Securities that is an “accredited investor” within the meaning of Rule 501(a) under the Securities Act is required to, notify any purchaser of Securities of the resale restrictions and the requirement to deliver a letter of representation. It understands that the Issuer and the Guarantor (if any) do not have any obligation to register any of the Securities under the Securities Act or to comply with the requirements for any exemption from the registration requirements of the Securities Act.
- (3) In the event that it purchases any of the Securities, it will acquire Securities having a minimum principal amount of not less than USD250,000.
- (4) It is not acquiring the Securities for or on behalf of, and will not transfer the Securities to, any pension or welfare plan as defined in Section 3 of the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), that is subject to Title I of ERISA or any plan or arrangement that is subject to Section 4975 of the U.S. Internal Revenue Code or of an entity the assets of which are considered assets of such a plan.
- (5) It is acquiring the Securities for its own account and not with a view to distribution thereof or with any present intention of offering or selling any of the Securities or any other disposition thereof in violation of the Securities Act.

- (6) It has received a copy of the CLS Private Placement Supplement and the Base Prospectus, and acknowledges that it has had all access to such financial and other information and have been afforded the opportunity to ask such questions of representatives of the Issuer and the Guarantor (if any) and received answers thereto as it deems necessary in connection with its decision to purchase the Securities. It acknowledges that (a) none of the Issuer, the Guarantor (if any), the Manager, the Registrar, any Agent, or any subsidiary, holding or associated company of any of them (including any directors, officers or employees thereof) is acting as a fiduciary or financial or portfolio manager for the purchaser; (b) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Guarantor (if any), the Manager, the Registrar, any Agent or any subsidiary, holding or associated company of any of them (including any directors, officers or employees thereof) other than in the CLS Private Placement Supplement, Base Prospectus and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Guarantor (if any), the Manager, the Registrar, any Agent or any subsidiary, holding or associated company of any of them (including any directors, officers or employees thereof) has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Securities and (d) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Guarantor (if any), the Manager, the Registrar, any Agent or any subsidiary, holding or associated company of any of them (including any directors, officers or employees thereof).
- (7) It has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing the Securities, and it can bear the economic risk of its investment in the Securities, including a complete loss of its investment.
- (8) It or any person acting on its behalf will not, at any time, offer to buy or offer to sell the Securities by any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) under circumstances that would require the registration of the Securities under the Securities Act, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitation or advertising.
- (9) It is not purchasing the Securities in order to reduce its U.S. federal income tax liability or pursuant to a tax avoidance plan.
- (10) It acknowledges that the Issuer, the Guarantor (if any), the Registrar, the Manager and their affiliates, and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements set forth herein, and it agrees to notify the Issuer, the Guarantor (if any), the Registrar and the Manager promptly in writing if any of its acknowledgements, representations or warranties herein ceases to be accurate and complete. It hereby agrees that this letter or a copy thereof may be produced to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

- (11) It understands that there may be certain consequences under United States and other tax laws resulting from an investment in the Securities and it has made such investigation and has consulted such tax and other advisers with respect thereto as it deems appropriate.
- (12) It hereby certifies that all necessary action has been taken to authorize the purchase of the Securities and the execution of this letter.
- (13) Any purported transfer in violation of paragraphs (1) to (11) of these transfer restrictions will be null and void *ab initio* and will not operate to transfer any rights to the transferee, notwithstanding any instructions to the contrary to the Issuer or any intermediary. It understands that the Issuer has the right to compel any Securityholder that is not an “accredited investor” within the meaning of Rule 501(a) under the Securities Act or a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act to sell its Securities or interest therein, or may sell such Securities or interest therein on behalf of such Securityholder, at the lower of (x) the purchase price therefor paid by the Securityholder and (y) the fair market value thereof.
- (14) It further understands that any Securities acquired by it will be in the form of either an interest in a Restricted Global Security or an individual definitive physical certificate and that the certificate representing the Securities will bear one of the following two legends:

In the case of a Definitive Security:

“THE SECURITIES IN RESPECT OF WHICH THIS DEFINITIVE SECURITY IS ISSUED AND THE GUARANTEE (IF ANY) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH SECTION 4(2) OF THE SECURITIES ACT TO AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(A) UNDER THE SECURITIES ACT (AN “AI”) THAT IS ACQUIRING THE SECURITIES FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR THE OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF, (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “QIB”) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS AND WHO RECEIVES ITS SECURITIES AS AN INTEREST IN A RESTRICTED GLOBAL SECURITY, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT (“RULE 144”), IF AVAILABLE, OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND, IN THE CASE OF (1), UPON DELIVERY OF A LETTER OF REPRESENTATION IN THE FORM CONTAINED IN SCHEDULE 5 PART D OF THE MASTER AGENCY AGREEMENT REFERRED TO IN THE CONDITIONS. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE SECURITIES.

THE ISSUER HAS THE RIGHT TO COMPEL ANY HOLDER OF SECURITIES REPRESENTED BY THIS DEFINITIVE SECURITY THAT IS NOT AN AI OR A QIB TO SELL ITS SECURITIES OR INTEREST THEREIN, OR MAY SELL SUCH SECURITIES OR INTEREST THEREIN ON BEHALF OF SUCH HOLDER, AT THE LOWER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE HOLDER AND (Y) THE FAIR MARKET VALUE THEREOF.”

In the case of a Restricted Global Security:

“THE SECURITIES IN RESPECT OF WHICH THIS RESTRICTED GLOBAL SECURITY IS ISSUED AND THE GUARANTEE (IF ANY) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH SECTION 4(2) OF THE SECURITIES ACT TO AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(A) UNDER THE SECURITIES ACT (AN “AI”) THAT IS ACQUIRING THE SECURITIES FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR THE OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF AND WHO RECEIVES ITS SECURITIES EITHER AS AN INTEREST IN A RESTRICTED GLOBAL SECURITY OR IN DEFINITIVE FORM AND IN EITHER CASE UPON DELIVERY OF A LETTER OF REPRESENTATION IN THE FORM CONTAINED IN SCHEDULE 5 PART D OF THE MASTER AGENCY AGREEMENT REFERRED TO IN THE CONDITIONS, (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “QIB”) THAT IS RECEIVING THE INTEREST IN THE SECURITIES AS AN INTEREST IN RESTRICTED GLOBAL SECURITIES, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT (“RULE 144”), IF AVAILABLE, OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE SECURITIES.

THE ISSUER HAS THE RIGHT TO COMPEL ANY HOLDER OF SECURITIES REPRESENTED BY THIS RESTRICTED GLOBAL SECURITY THAT IS NOT AN AI OR A QIB TO SELL ITS SECURITIES OR INTEREST THEREIN, OR MAY SELL SUCH SECURITIES OR INTEREST THEREIN ON BEHALF OF SUCH HOLDER, AT THE LOWER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE HOLDER AND (Y) THE FAIR MARKET VALUE THEREOF.

UNLESS THIS RESTRICTED GLOBAL SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS

REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

For as long as any Restricted Securities are outstanding and are “restricted securities” within the meaning of Rule 144 under the Securities Act, the Issuer has agreed that any holder of such Securities or prospective purchaser designated by such holder of Securities will have the right to obtain from the Issuer during any period in which the Issuer is neither subject to section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, upon request, the information required by Rule 144A(d)(4) under the Securities Act.

Prospective purchasers are hereby notified that sellers of Securities may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A. In addition, as set out elsewhere herein, sellers of Securities may also be relying on the exemption from the provisions of section 5 of the Securities Act provided by section 4(2), Rule 903 or Rule 904 of the Securities Act.

TAXATION

General Taxation Information

The information provided below does not purport to be a complete summary of tax law and practice currently applicable to the Securities. Transactions involving Securities (including purchases, transfers, redemptions, cancellations and/or exercise), the accrual or receipt of any interest or premium payable on the Securities and the death of a holder of any Security may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax residence and/or status of the potential purchaser. Potential purchasers of Securities are therefore advised to consult their own tax advisers as to the tax consequences of transactions involving Securities and the effect of any tax laws in any jurisdiction in which they may be tax resident or otherwise liable to tax. In particular, no representation is made as to the manner in which payments under the Securities would be characterised by any relevant taxing authority.

The following summaries do not consider the tax treatment of payments in respect of Reference Assets. The taxation provisions applicable to such items may be different (and in some cases significantly different) from those described in the summary below.

Purchasers and/or sellers of Securities may be required to pay stamp taxes and other charges in addition to the issue price or purchase price (if different) of the Securities and in connection with the transfer of any Reference Asset(s).

Prospective investors are referred to CLS Base Conditions 9 and 11.

United Kingdom Taxation

The comments are of a general nature based on current United Kingdom tax law and HM Revenue and Customs (“HMRC”) published practice and are a summary of the understanding of the Bank of current law and practice in the United Kingdom relating only to certain aspects of United Kingdom taxation. They are not intended to be exhaustive. They relate only to persons who are the beneficial owners of Securities and do not apply to certain classes of taxpayers (such as persons carrying on a trade of dealing in Securities, certain professional investors and persons connected with the Issuer or the Guarantor) to whom special rules may apply.

Prospective Securityholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

1 United Kingdom Taxation

1.1 Withholding tax

(a) *Payments of interest by the Bank only*

The Bank, provided that it continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the “Act”), and provided that the interest on Securities is paid in the ordinary course of its business within the meaning of section 878 of the Act, will be entitled to make payments of interest without withholding or deduction for or on account of United Kingdom tax.

(b) *Payments of interest to certain Securityholders*

Interest on Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where at the time the payment is made, the Issuer reasonably believes that either:

- (i) the person beneficially entitled to the interest payable on such Securities is within the charge to United Kingdom corporation tax as regards the payment of such interest; or
- (ii) the payment is made to one of the classes of exempt bodies or persons set out in section 936 of the Act,

provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that such payment of interest will not be an “excepted payment” at the time the payment is made) that the interest should be paid under deduction of tax.

(c) *Securities with a maturity of less than 365 days*

Interest on Securities having a maturity of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Securities part of a borrowing with a total term of a year or more may also be paid without deduction for or on account of United Kingdom income tax.

(d) *Other withholdings*

In other cases, an amount may have to be withheld from payments of interest on Securities for or on account of United Kingdom income tax at the basic rate, subject to the availability of other exemptions or reliefs or to any direction to the contrary from HMRC in respect of such relief as may be available under an applicable double taxation treaty.

1.2 Reporting requirements

Persons in the United Kingdom paying interest to, or receiving interest on behalf of, another person who is an individual may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or the person entitled to the interest. In certain circumstances, such information may be exchanged with tax authorities in other countries.

The provisions referred to above may also apply, in certain circumstances, to payments of amounts due on redemption of Securities that constitute “deeply discounted securities” (as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005). However, HMRC’s published practice indicates that no such information will be required in relation to such redemption amounts where they are paid before 5 April 2011.

United States Taxation

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS CLS PRIVATE PLACEMENT SUPPLEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE (THE “CODE”); (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS

ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Securities by a U.S. Holder and a Non-U.S. Holder (both as defined below). This summary does not address the material U.S. federal income tax consequences of every type of Security which may be issued under the Programme. This summary deals only with purchasers of Securities that will hold the Securities as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Securities by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Securities as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Securities with a term of 30 years or less, and does not address Securities where the Obligation, Underlying Obligation or Reference Obligations, or basket of Obligations, Underlying Obligations or Reference Obligations is treated as equity for U.S. federal income tax purposes. The applicable Final Terms may contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to these Securities or other types of Securities that are not addressed in this summary.

As used herein, the term “**U.S. Holder**” means a beneficial owner of Securities that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes. As used herein, the term “**Non-U.S. Holder**” means a beneficial owner of a Security that, for U.S. federal income tax purposes, is not a U.S. Holder.

The U.S. federal income tax treatment of a partner in a partnership that holds Securities will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax adviser concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Securities by the partnership.

The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE SECURITIES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Federal Income Tax Characterisation of the Securities

The characterization of the Securities may be uncertain and will depend on the terms of those Securities. The determination of whether an obligation represents debt, equity, a cash-settled prepaid forward contract, an investment unit consisting of a debt obligation and put option, or some other type of financial instrument or interest is based on all the relevant facts and circumstances. In cases where the Issuer (or a party related to the Issuer) owns a Reference Asset with respect to which payments on a Security are determined, the IRS may contend that the holders of the Securities should be treated as if they owned equity interests in a partnership (which may be a U.S. partnership) that holds the Reference Assets, or that the holders of the Securities should be treated as if they owned a pro rata portion of the Reference Assets. Different characterizations might affect the timing, character and source of income on the Securities, and, in general, may result in material adverse tax consequences to holders. The Issuer may state in the applicable Final Terms its intended characterization of particular Securities, but there is no assurance that the IRS will agree with that view.

There may be no statutory, judicial or administrative authority directly addressing the characterization of some of the types of Securities that are anticipated to be issued or of instruments similar to such Securities. Additional alternative characterisations may also be possible. Further possible characterisations, if applicable, may be discussed in the applicable Final Terms.

No rulings will be sought from the IRS regarding the characterisation of any of the Securities issued hereunder for U.S. federal income tax purposes. Each holder should consult its own tax adviser about the proper characterisation of the Securities for U.S. federal income tax purposes and consequences to such holder of acquiring, owning or disposing of the Securities.

1 U.S. Holders

1.1 U.S. Federal Income Tax Treatment of Securities Treated as Debt

Any Securities that are properly treated as debt for U.S. federal income tax purposes will be “contingent payment debt instruments” for U.S. federal income tax purposes (“**Contingent Securities**”) and subject to special rules described below, unless the only contingencies that could affect payments on the Securities are remote and incidental or the Securities are treated as “variable rate debt instruments” as described in the Base Prospectus under “United States Taxation— Original Issue Discount— Variable Interest Rate Securities”.

For a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Securities that are properly treated as debt for U.S. federal income tax purposes and are not Contingent Securities, see the discussion in the Base Prospectus under “United States Taxation.”

(a) Contingent Securities

Under applicable U.S. Treasury regulations, interest on Contingent Securities will be treated as “original issue discount” (“**OID**”), and must be accrued on a constant-yield basis based on a yield to maturity that reflects the rate at which the Issuer would issue a comparable fixed-rate non-exchangeable instrument (the “**comparable yield**”), in accordance with a projected payment schedule. This projected payment schedule must include each non-contingent payment on the Contingent Securities and an estimated amount for each contingent payment, and must produce the comparable yield.

The Issuer is required to provide to holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on Contingent Securities. This schedule must produce the comparable yield. Information regarding the Issuer’s determination of the

comparable yield and projected payment schedule for any Securities that the Issuer intends to treat as Contingent Securities will be available from the Issuer as specified in the Final Terms.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE WILL NOT BE DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF CONTINGENT SECURITIES FOR UNITED STATES FEDERAL INCOME TAX PURPOSES AND WILL NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF THE NOTES.

The use of the comparable yield and the calculation of the projected payment schedule will be based upon a number of assumptions and estimates and will not be a prediction, representation or guarantee of the actual amounts of interest that may be paid to a U.S. Holder or the actual yield of the Contingent Securities. A U.S. Holder will generally be bound by the comparable yield and the projected payment schedule determined by the Issuer, unless the U.S. Holder determines its own comparable yield and projected payment schedule and explicitly discloses such schedule to the IRS, and explains to the IRS the reason for preparing its own schedule. The Issuer's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

A U.S. Holder of a Contingent Security will generally be required to include OID in income pursuant to the rules discussed in the third paragraph under "United States Taxation—Original Issue Discount – General" in the Base Prospectus, above, applied to the projected payment schedule. The "adjusted issue price" of a Contingent Security at the beginning of any accrual period is the issue price of the Security increased by the amount of accrued OID for each prior accrual period, and decreased by the projected amount of any payments on the Security. No additional income will be recognized upon the receipt of payments of stated interest in amounts equal to the annual payments included in the projected payment schedule described above. Any differences between actual payments received by the U.S. Holder on the Securities in a taxable year and the projected amount of those payments will be accounted for as additional interest (in the case of a positive adjustment) or as an offset to interest income in respect of the Security (in the case of a negative adjustment), for the taxable year in which the actual payment is made. If the negative adjustment for any taxable year exceeds the amount of OID on the Contingent Security for that year, the excess will be treated as an ordinary loss, but only to the extent the U.S. Holder's total OID inclusions on the Contingent Security exceed the total amount of any ordinary loss in respect of the Contingent Security claimed by the U.S. Holder under this rule in prior taxable years. Any negative adjustment that is not allowed as an ordinary loss for the taxable year is carried forward to the next taxable year, and is taken into account in determining whether the U.S. Holder has a net positive or negative adjustment for that year. However, any negative adjustment that is carried forward to a taxable year in which the Contingent Security is sold, exchanged or retired, to the extent not applied to OID accrued for such year, reduces the U.S. Holder's amount realized on the sale, exchange or retirement.

(i) *Sale or Retirement of Contingent Securities*

Gain from the sale or retirement of a Contingent Security will be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total interest inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realized by a U.S. Holder on the sale or retirement of a Contingent Security will generally be foreign source.

A U.S. Holder's tax basis in a Contingent Security will generally be equal to its cost, increased by the amount of interest previously accrued with respect to the Security (determined without regard to any positive or negative adjustments reflecting the difference between actual payments and projected payments), increased or decreased by the amount of any positive or negative adjustment that the Holder is required to make to account for the difference between the Holder's purchase price for the Security and the adjusted issue price of the Contingent Security at the time of the purchase, and decreased by the amount of any projected payments scheduled to be made on the Security to the U.S. Holder through such date (without regard to the actual amount paid).

(ii) *Foreign Currency Contingent Securities*

Special rules apply to determine the accrual of OID, and the amount, timing, source and character of any gain or loss on a Contingent Security that is denominated in, or determined by reference to, a foreign currency (a "**Foreign Currency Contingent Security**"). The rules applicable to Foreign Currency Contingent Securities are complex, and U.S. Holders are urged to consult their tax advisers concerning the application of these rules.

Under these rules, a U.S. Holder of a Foreign Currency Contingent Security will generally be required to accrue OID in the foreign currency in which the Foreign Currency Contingent Security is denominated (i) at a yield at which the Issuer would issue a fixed rate debt instrument denominated in the same foreign currency with terms and conditions similar to those of the Foreign Currency Contingent Security, and (ii) in accordance with a projected payment schedule determined by the Issuer, under rules similar to those described above under "Contingent Payment Debt Securities". The amount of OID on a Foreign Currency Contingent Security that accrues in any accrual period will be the product of the comparable yield of the Foreign Currency Contingent Security (adjusted to reflect the length of the accrual period) and the adjusted issue price of the Foreign Currency Contingent Security. The adjusted issue price of a Foreign Currency Contingent Security will generally be determined under the rules described above, and will be denominated in the foreign currency of the Foreign Currency Contingent Security.

OID on a Foreign Currency Contingent Security will be translated into U.S. dollars under translation rules similar to those described above under "United States Taxation—Foreign Currency Securities—Interest" in the Base Prospectus. Any positive adjustment (i.e. the excess of actual payments over projected payments) in respect of a Foreign Currency Contingent Security for a taxable year will be translated into U.S. dollars at the spot rate on the last day of the taxable year in which the adjustment is taken into account, or if earlier, the date on which the Foreign Currency Contingent Security is disposed of. The amount of any negative adjustment on a Foreign Currency Contingent Security (i.e. the excess of projected payments over actual payments) that is offset against accrued but unpaid OID will be translated into U.S. dollars at the same rate at which the OID was accrued. To the extent a net negative adjustment exceeds the amount of accrued but unpaid OID, the negative adjustment will be treated as offsetting OID that has accrued and been paid on the Foreign Currency Contingent Security, and will be translated into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Security was issued. Any net negative adjustment carry forward will be carried forward in the relevant foreign currency.

(iii) *Sale or Retirement of Foreign Currency Contingent Securities*

Upon a sale, exchange or retirement of a Foreign Currency Contingent Security, a U.S. Holder will generally recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder's tax basis in the Foreign Currency Contingent Security, both translated into U.S. dollars as described below. A U.S. Holder's tax basis in a Foreign Currency Contingent Security will equal (i) the cost thereof (translated into U.S. dollars at the spot rate on the issue date), (ii) increased by the amount of OID previously accrued on the Foreign Currency Contingent Security (disregarding any positive or negative adjustments and translated into U.S. dollars using the exchange rate applicable to such OID) and (iii) decreased by the projected amount of all prior payments in respect of the Foreign Currency Contingent Security. The U.S. dollar amount of the projected payments described in clause (iii) of the preceding sentence is determined by (i) first allocating the payments to the most recently accrued OID to which prior amounts have not already been allocated and translating those amounts into U.S. dollars at the rate at which the OID was accrued and (ii) then allocating any remaining amount to principal and translating such amount into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Security was acquired by the U.S. Holder. For this purpose, any accrued OID reduced by a negative adjustment carry forward will be treated as principal.

The amount realized by a U.S. Holder upon the sale, exchange or retirement of a Foreign Currency Contingent Security will equal the amount of cash and the fair market value (determined in foreign currency) of any property received. If a U.S. Holder holds a Foreign Currency Contingent Security until its scheduled maturity, the U.S. dollar equivalent of the amount realized will be determined by separating such amount realized into principal and one or more OID components, based on the principal and OID comprising the U.S. Holder's basis, with the amount realized allocated first to OID (and allocated to the most recently accrued amounts first) and any remaining amounts allocated to principal. The U.S. dollar equivalent of the amount realized upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Security will be determined in a similar manner, but will first be allocated to principal and then any accrued OID (and will be allocated to the earliest accrued amounts first). Each component of the amount realized will be translated into U.S. dollars using the exchange rate used with respect to the corresponding principal or accrued OID. The amount of any gain realized upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Security will be equal to the excess of the amount realized over the holder's tax basis, both expressed in foreign currency, and will be translated into U.S. dollars using the spot rate on the payment date. Gain from the sale or retirement of a Foreign Currency Contingent Security will generally be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total OID inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realized by a U.S. Holder on the sale or retirement of a Foreign Currency Contingent Security will generally be foreign source. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Foreign Currency Contingent Securities.

A U.S. Holder will also recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the receipt of foreign currency in respect of a Foreign Currency Contingent Security if the exchange rate in effect on the date the payment is received differs from the rate applicable to the principal or accrued OID to which such payment relates.

1.2 U.S. Federal Income Tax Treatment of Certain Securities Not Treated as Debt

The following summary may apply to certain Securities that are not treated as debt for U.S. federal income tax purposes. This summary does not discuss all types of Securities that may not be treated as debt for U.S. federal income tax purposes. The U.S. federal income tax consequences of owning Securities that are not treated as debt for U.S. federal income tax purposes and are not described below may be discussed, as appropriate, in the applicable Final Terms.

(a) Forward Contracts

A Security that provides for a single payment in redemption at maturity that is based on the value of one or more Reference Assets may be treated as a “Forward Contract” for U.S. federal income tax purposes. A U.S. Holder of a Forward Contract would generally be subject to the U.S. federal income tax consequences discussed below.

Legislation has been proposed in the U.S. House of Representatives that would require a holder of an instrument such as a Forward Contract to accrue interest income on a current basis in certain circumstances. In addition, the IRS and the U.S. Department of Treasury have recently announced that they are considering whether the holder of an instrument such as a Forward Contract should be required to accrue ordinary income on a current basis. It is not possible to predict the final form of any legislative or regulatory changes that might affect holders of instruments such as the Forward Contracts, but it is possible that any such changes could be applied retroactively. The IRS and U.S. Department of Treasury are also considering other relevant issues, including whether gain or loss from these instruments should be treated as ordinary or capital, whether foreign holders of these instruments should be subject to withholding tax on any deemed income accruals, and whether the special constructive ownership rules of Section 1260 of the Code might be applied to these instruments. Holders are urged to consult their tax advisers concerning the potential impact of these proposals. The Issuers intend to treat the Forward Contracts as described below, unless and until the Issuers determine, based on future developments, that a different treatment is appropriate.

(i) *Characterisation*

A Forward Contract should constitute a prepaid forward contract for U.S. federal income tax purposes. Under current law, U.S. Holders should not be required to recognise income or loss upon the acquisition of a Security, and U.S. Holders should not be required to accrue income with respect to a Security over the life of the Security.

(ii) *Purchase, Sale and Retirement*

A U.S. Holder will recognise gain or loss on the sale or retirement for cash of a Forward Contract equal to the difference between the amount of cash received upon sale or retirement and the U.S. Holder's tax basis in the Security. A U.S. Holder's tax basis in a Forward Contract will generally be the Security's U.S. Dollar cost. The U.S. Dollar cost of a Forward Contract purchased with a foreign currency will generally be the U.S. Dollar value of the purchase price on the date of purchase increased by the nominal exercise price, if any, paid by the U.S. Holder. Any gain or loss recognised on the sale or retirement of a Forward Contract will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Security exceeds one year.

(b) Option Securities

A Security that provides for a payment in redemption at maturity that may under certain circumstances be based on the value of one or more Reference Assets may be treated as an

“Option Security” for U.S. federal income tax purposes. The discussion below describes the U.S. federal income tax consequences to a U.S. Holder of holding Option Securities.

The treatment of Option Securities for U.S. federal income tax purposes is highly uncertain. It would be reasonable to treat the purchase of an Option Security by a U.S. Holder as a grant by the U.S. Holder to the Issuer of an option contract (for purposes of this summary, the “**Put Option**”), pursuant to which the U.S. Holder may be required to pay to the Issuer an amount equal to the value of one or more Reference Assets and under which option (a) at the time of the issuance of the Option Security the U.S. Holder deposits irrevocably with the Issuer a fixed amount of cash to assure the fulfilment of the holder’s purchase obligation described below (the “**Deposit**”), (b) until maturity the Issuer will be obligated to pay interest to the U.S. Holder, as compensation for the use of the cash Deposit during the term of the Option Security, (c) the Issuer will be obligated to pay an option premium to the holder in consideration for granting the option (the “**Put Premium**”), which premium will be payable as part of the coupon payments, (d) if pursuant to the terms of the Option Securities at maturity the holder is obligated to purchase the Obligation(s), Underlying Obligation(s) or Reference Obligation(s), or basket of Obligations, Underlying Obligations or Reference Obligations, then the Deposit will be applied by the Issuer in full satisfaction of the holder’s purchase obligation under the Put Option, and the Issuer will deliver to the holder a cash amount equal to the value of the Obligations, Underlying Obligations or Reference Obligations, or basket of Obligations, Underlying Obligations or Reference Obligations, and (e) the Issuer will return the cash Deposit to the U.S. Holder at maturity. The discussion below assumes that an Option Security is so treated, except as explicitly provided.

Amounts paid to the Issuer in respect of the original issue of the Option Securities will be treated as allocable in their entirety to the amount of the cash Deposit attributable to such Securities. A portion of the coupon on the Securities (which coupon may be denominated entirely as stated interest) will be characterised as interest payable on the amount of such Deposit, includible in the income of a U.S. Holder as interest in the manner described below. A portion of the coupon will be characterised as Put Premium, includible in the income of a U.S. Holder in the manner described below. There is no assurance that the IRS will agree with this treatment, and alternative treatments of the Option Securities could result in less favourable U.S. federal income tax consequences to a holder, including a requirement to accrue income with respect to the Put Option on a current basis.

(i) *Interest Payments*

Interest payments on the Deposit will generally be included in the income of a U.S. Holder as interest at the time that such interest is accrued or received in accordance with such U.S. Holder’s method of accounting. If the Option Securities are issued at a discount or have a term of one year or less, U.S. Holders will be subject to the rules discussed in the Base Prospectus under “United States Taxation – Original Issue Discount” with respect to interest or OID payable on the Deposit. Interest paid by the Issuer and OID, if any, accrued with respect to the Option Securities, generally constitute income from sources outside the United States.

(ii) *Payments of Put Premium*

Payments of the Put Premium will not be included in the income of a U.S. Holder until sale or other taxable disposition of Option Securities or retirement of Option Securities. Upon the sale or other taxable disposition of Option Securities or at maturity, as the case may be, the Put Premium payment will be treated in the manner described below.

(iii) *Retirement of an Option Security for Cash*

If the Put Option is deemed not to have been exercised at maturity, the cash payment of the full principal amount of the Option Security at maturity would likely be treated as (i) payment in full of the principal amount of the Deposit (which would likely not result in the recognition of gain or loss to an initial purchaser) and (ii) the lapse of the Put Option, which would likely result in a U.S. Holder's recognition of short-term capital gain in an amount equal to the Put Premium paid to the Holder.

If the Put Option is deemed to be exercised at maturity, the payment at maturity would likely be treated as (i) payment in full of the principal amount of the Deposit (resulting in neither gain nor loss for an initial purchaser) and (ii) the exercise by the Issuer of the Put Option. The exercise of the Put Option would result in short-term capital gain or loss to the U.S. Holder in an amount equal to the difference between (i) the sum of the cash received at maturity (other than amounts attributable to accrued but unpaid interest) and all previous payments of Put Premium, and (ii) the holder's adjusted basis in the Deposit, as determined under "United States Taxation – Purchase, Sale and Retirement of Securities" in the Base Prospectus.

(iv) *Sale or Other Taxable Disposition of an Option Security Prior to Maturity*

Upon the sale or other taxable disposition of an Option Security, a U.S. Holder should allocate the amount received between the Deposit and the Put Option on the basis of their respective values on the date of sale or other disposition. The U.S. Holder should generally recognise gain or loss with respect to the Deposit in an amount equal to the difference between the amount of the sales proceeds allocable to the Deposit and the U.S. Holder's adjusted tax basis in the Deposit (which will generally equal the issue price of the Option Security for an initial purchaser (as may be adjusted for any accrued OID on the Deposit)). Except to the extent attributable to accrued but unpaid interest, which will be taxed as such, this gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Option Securities for more than one year. If the Put Option has a positive value on the date of a sale of the Option Security, the U.S. Holder should recognise short-term capital gain equal to the portion of the sale proceeds allocable to the Put Option plus any previously received Put Premium. If the put option has a negative value on the date of sale, the U.S. Holder should be treated as having paid the buyer an amount equal to the negative value in order to assume the U.S. Holder's rights and obligations under the Put Option. In such a case, the U.S. Holder should recognise short-term capital gain or loss in an amount equal to the difference between the total Put Premium previously received and the amount of the payment deemed made by the U.S. Holder with respect to the assumption of the Put Option.

(v) *Foreign Currency Option Securities*

Option Securities denominated in, or determined by reference to, a foreign currency ("Foreign Currency Option Securities") will be subject to special rules. Interest and OID denominated in, or determined by reference to, a foreign currency will generally be subject to the rules described in "United States Taxation– Foreign Currency Securities" in the Base Prospectus.

The treatment upon the sale, retirement or disposition of the Deposit, as described above, should also be governed by the rules described under "United States Taxation – Foreign Currency Securities" in the Base Prospectus, regardless of whether the Option

Security is cash settled. U.S. Holders should consult their tax advisers about the proper method for translating foreign currency with respect to an Option Security into U.S. dollars.

(c) **Notional Principal Contracts**

The Securities may be characterized as notional principal contracts for U.S. federal income tax purposes if they are not characterized as debt, a Forward Contract, or an Option Security. The following discussion applies to Securities treated as notional principal contracts (“NPC Securities”).

(i) *Periodic Payments*

Income or deductions with respect to an NPC Security may be attributable to periodic payments, nonperiodic payments or termination payments. Periodic payments under an NPC Security are generally payments made or received that are payable at intervals of one year or less during the entire term of the contract (including any extension periods), that are based on a specified index and are based on a single notional principal amount or a notional principal amount that varies over the term of the contract in the same proportion as the notional principal amount that measures the other party's payments.

All U.S. Holders must account for periodic payments under an accrual method of accounting. In a case where periodic payments to be made under an NPC Security are set in arrears, and the payment relating to a period during a taxable year of a U.S. Holder cannot be determined by the end of the year, then accruals for that year will be based on a reasonable estimate of the payment, and the difference between the estimated amount and actual amount will be taken into account in the taxable year in which the payment is fixed.

(ii) *Non-Periodic Payments*

Payments under an NPC Security that are not periodic payments or termination payments are "nonperiodic payments". A “termination payment” is a payment made or received in a transaction that extinguish or assigns all or a proportionate part of the remaining rights and obligations of any party under an NPC Security. Nonperiodic payments generally must be recognized over the term of the NPC Security in a manner that reflects its economic substance. The amount of any nonperiodic payment that is amortized in any taxable year will be treated in the same manner as a periodic payment that accrues in that year.

Under an alternative rule, nonperiodic payments under an NPC Security may be amortized under a level payment method. Under that method, nonperiodic payments are allocated as if they represented principal payments on a level payment loan that extends over the life of the NPC Security and bears interest at a rate equal to the rate (or rates) used by the parties to determine the nonperiodic payments (or if such rate is not readily ascertainable, a rate that is reasonable under the circumstances). The level payment method cannot be used by a taxpayer with respect to an NPC Security if the taxpayer reduces risk with respect to the NPC Security by purchasing, selling or otherwise entering into other financial contracts (other than debt instruments).

Periodic and nonperiodic payments attributed to any taxable year are netted. The net amount received or paid should generally be ordinary income or an ordinary

deduction, respectively, for that year. For certain taxpayers, including individuals, these deductions will generally be subject to the 2% floor applicable to miscellaneous itemized deductions.

(iii) *Proposed Rules for Contingent Non-Periodic Payments*

The Internal Revenue Service has proposed regulations (the “**Proposed Regulations**”) providing for the accrual of income on NPC Securities that have contingent non-periodic payments. The Proposed Regulations contain complex rules that would require taxpayers (i) to project the expected amount of contingent payments, (ii) to take into account annually the appropriate portions of the projected contingent amounts, (iii) to reproject the contingent amounts annually, and (iv) to reflect the differences between projected amounts and reprojected amounts through annual adjustments. Any such amounts would be U.S. source ordinary income.

It is not clear when, or if, the Proposed Regulations will be finalized or what the terms of any final regulations may be. If the terms of the final regulations vary from the Proposed Regulations, the timing, character, and source of a U.S. Holder’s items of income and deduction could differ substantially from the manner described here.

(iv) *“Significant” Non-Periodic Payments*

If nonperiodic payments are “significant,” the payments on an NPC Security may be treated as two separate transactions consisting of an on-market, level payment swap and a loan. Amounts received by the U.S. Holder attributable to the time value component associated with the loan are recognised as interest for U.S. federal income tax purposes, and accordingly will be governed by the rules described in “United States Taxation — Original Issue Discount” in the Base Prospectus.

(v) *Purchase, Sale and Retirement including Termination Payments*

A U.S. Holder will recognise gain or loss on the sale or retirement of an NPC Security equal to (i) the sum of the unamortized portion of any nonperiodic payments received by the U.S. Holder and any swap termination payment it receives or is deemed to have received, less (ii) the sum of the unamortized portion of the initial amount paid by the U.S. Holder. Any gain or loss recognised on the sale or retirement of an NPC Security will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder’s holding period in the NPC Security exceeds one year.

(vi) *Foreign Currency NPC Securities*

The rules governing a notional principal contract whose payments are denominated in, or determined by reference to, foreign currencies will depend on its specific terms. In general, the timing of income and deductions would be determined under the principles described in above, and any income, loss or deduction (including any gain or loss from a termination of a notional principal contract) would be characterized as foreign exchange gain or loss.

In the event the Issuer believes that a Security may properly be categorised as a “currency swap contract”, the Issuer may include additional disclosure in the applicable Final Terms.

1.3 Backup Withholding and Information Reporting

In general, payments and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Securities, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

1.4 Reporting Requirements

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Securities as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Securities constitutes participation in a reportable transaction for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Accordingly, if a U.S. Holder realizes a loss on any Security (or, possibly, aggregate losses from the Securities) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to the penalties described above. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS, and to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Securities.

Recently enacted legislation imposes new reporting requirements with respect to the holding of certain foreign financial assets, including debt of foreign issuers or any financial instrument or contract that has a non-U.S. issuer or non-U.S. counterparty, if the aggregate value of all of such assets exceeds \$50,000. You should consult your own tax advisor regarding the application of this legislation to your particular situation.

2 Non-U.S. Holders

Payments on a Security to a Non-U.S. Holder will not be subject to U.S. federal withholding tax, provided that, in the case of amounts treated as interest or OID with respect to Securities that have an Obligation, Underlying Obligation or Reference Obligation, or basket of Obligations, Underlying Obligations or Reference Obligations that is a debt obligation of a U.S. issuer with a maturity of more than 183 days, (i) the amount of the payment is not determined by reference to any receipts, sales or other cash flow, income or profits, change in value of any property of, or dividend or similar payment made by, the issuer(s) of the Obligation, Underlying Obligation or Reference Obligation, or basket of Obligations, Underlying Obligations or Reference Obligations or a person related to the issuer (a “Contingent Payment”), (ii) the holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock entitled to vote of the issuer(s) of the Obligation, Underlying Obligation or Reference Obligation, or basket of Obligations, Underlying Obligations or Reference Obligations, (iii) the holder is not for U.S. federal income tax purposes a controlled foreign

corporation related to the issuer(s) of the Obligation, Underlying Obligation or Reference Obligation, or basket of Obligations, Underlying Obligations or Reference Obligations through stock ownership, and (iv) the holder provides the Issuer or its paying agent with a U.S. Internal Revenue Service (“IRS”) Form W-8. Principal, premium and interest on a Security that are determined by reference to changes in the value of property, the yield on property, or changes in any index based on such value or yield should not be contingent payments if the property is traded on an exchange or inter-dealer market that satisfies the requirements necessary for the property to qualify as "actively traded property" within the meaning of Section 1092(d) of the Code.

A Non-U.S. Holder will not be subject to U.S. federal income tax on any gain or income realised upon the sale, exchange, retirement or other disposition of a Security, provided that (a) in the case of Securities that have an Obligation, Underlying Obligation or Reference Obligation, or basket of Obligations, Underlying Obligations or Reference Obligations that is a debt obligation of a U.S. issuer with a maturity of more than 183 days, the Securities do not provide for any contingent payments and the holder has provided the Issuer or its paying agent with an IRS Form W-8, and (b) neither the holder, nor a partner, fiduciary, settlor or beneficiary of the holder if the holder is a partnership or an estate or trust, or a person holding a power over an estate or trust administered by a fiduciary holder, is considered as:

- (a) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment therein;
- (b) having a current or former relationship with the United States, including a relationship as a citizen or resident thereof;
- (c) being or having been for U.S. federal income tax purposes a personal holding company, a passive foreign investment company, a controlled foreign corporation or a corporation that has accumulated earnings to avoid U.S. federal income tax; or
- (d) in the case of Securities that have an Obligation, Underlying Obligation or Reference Obligation, or basket of Obligations, Underlying Obligations or Reference Obligations that is a debt obligation of a U.S. issuer with a maturity of more than 183 days, actually or constructively owning or having owned 10% or more of the total combined voting power of all classes of stock entitled to vote of the issuer of the Obligation, Underlying Obligation or Reference Obligation, or basket of Obligations, Underlying Obligations or Reference Obligations or a controlled foreign corporation related to the issuer of the Obligation, Underlying Obligation or Reference Obligation, or basket of Obligations, Underlying Obligations or Reference Obligations through stock ownership.

2.1 Backup Withholding and Information Reporting

Payments of principal and interest on, and the proceeds of sale or other disposition of Securities by a U.S. paying agent or other U.S. intermediary to a holder of a Security that is not a U.S. Holder will not be subject to backup withholding tax and information reporting requirements if appropriate certification (Form W-8BEN or other appropriate form) is provided by the holder to the payor and the payor does not have actual knowledge that the certificate is false, but these payments and proceeds may be reported to the IRS as required under applicable regulations.

3 ERISA Matters

The Securities may not be sold or transferred to, and each purchaser by its purchase of the Securities shall be deemed to have represented and covenanted that it is not acquiring the Securities for or on behalf of, and will not transfer the Securities to, any pension or welfare plan as defined in Section 3 of the ERISA, that is subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or any plan or arrangement that is subject to Section 4975 of the Internal Revenue Code or of an entity the assets of which are considered assets of such a plan.

4 Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Securities. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor’s particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws:

- 4.1 Payments of interest and principal on the Securities will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Securities, nor will gains derived from the disposal of the Securities be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.
- 4.2 No stamp duty is payable in respect of the issue of Securities in registered form. An instrument of transfer in respect of a Security in registered form is stampable if executed in or brought into the Cayman Islands.

BCCL has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet (formerly known as the Governor in Council) of the Cayman Islands in the following form:

The Tax Concessions Law

(Revised)

Undertaking as to Tax Concessions

In accordance with the provision of section 6 of The Tax Concessions Law (Revised), the following undertaking is hereby given to Barclays Capital (Cayman) Limited being a company certified by the Registrar of Companies to be a company registered as an exempted company under section 180 of the Companies Law (Cap. 22):

- (1) That no law which is hereafter enacted in the Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the aforesaid company or its operations; and
- (2) That the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on the shares, debentures or other obligations of the aforesaid exempted company.

This Undertaking shall be for a period of twenty years from the 29th day of August, 1989

5 European Union Taxation

Under EC Council Directive 2003/48/EC on the taxation of savings income, each EU Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg will (unless they elect otherwise) instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU territories to the exchange of information relating to such payments.

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

PURCHASE AND SALE

Pursuant to a supplement dated 17 August 2010 to the Master Subscription Agreement dated 6 August 2010 (the “**Subscription Agreement**”), Barclays Capital Inc. (the “**Manager**”) has agreed with the Issuers the basis on which it may from time to time agree to purchase Securities. Any such agreement will extend to those matters stated under “Summary” and “Terms and Conditions of the Securities” above. In the Subscription Agreement, the Issuers have agreed to reimburse the Manager for certain of its expenses in connection with the establishment of the Programme and the issue of Securities under the Programme.

No representation is made that any action has been or will be taken by BCCL, the Bank or the Manager in any jurisdiction that would permit a public offering of any of the Securities or possession or distribution of the CLS Private Placement Supplement or any other offering material or any Final Terms in relation to any Securities in any country or jurisdiction where action for that purpose is required. No offers, sales, re-sales or deliveries of any Securities, or distribution of any offering material relating to any Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on BCCL, the Bank and/or the Manager.

SELLING RESTRICTIONS

United States of America

U.S. Securities Selling Restrictions

Securities

The Securities and the Guarantee (if any) have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account of benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S unless otherwise indicated.

The Manager has agreed (and each further Manager named in a set of Final Terms will be required to agree) that it will not offer or sell Securities within the United States or to, or for the account or benefit of, US persons except to certain “accredited investors” (within the meaning of Rule 501(a) under the Securities Act) in reliance on Section 4(2) of the Securities Act or “qualified institutional buyers” in reliance on Rule 144A under the Securities Act, and it will have sent to each Manager to which it sells Securities a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, US persons.

The CLS Private Placement Supplement has been prepared by the Issuers for use in connection with the offer and sale of Securities in the United States in accordance with Section 4(2) and Rule 144A of the Securities Act. The Issuers and the Manager reserve the right to reject any offer to purchase the Securities, in whole or in part, for any reason. The CLS Private Placement Supplement does not constitute an offer to any person in the United States or to any US person other than an AI to whom an offer has been made directly by the Manager or its U.S. broker-dealer affiliate. Distribution of the CLS Private Placement Supplement by any AI in the United States to any US person or to any other person within the United States, other than an AI and those persons, if any, retained to advise such AI with respect thereto, is unauthorised and any disclosure without the prior written consent of the

Issuers of any of its contents to any of such US person or other person within the United States, other than any AI and those persons, if any, retained to advise such AI, is prohibited.

Each issue of Securities shall be subject to such additional U.S. selling restrictions as the Issuers and the relevant Manager may agree as a term of the issue and purchase of such Securities, which additional selling restrictions shall be set out in the applicable Final Terms.

U.S. Retirement Plan Selling Restrictions

The Securities may not be sold or transferred to, and each purchaser by its purchase of the Securities shall be deemed to have represented and covenanted that it is not acquiring the Securities for or on behalf of, and will not transfer the Securities to, any pension or welfare plan as defined in Section 3 of ERISA, that is subject to Title I of ERISA or any plan or arrangement that is subject to Section 4975 of the Internal Revenue Code or of an entity the assets of which are considered assets of such a plan.

United Kingdom

The Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Securities issued by BCCL which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities 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
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive or for which the provisions of the Prospectus Directive have direct effect under local law because that Member State failed to implement the Prospectus Directive in time (each, a “**Relevant Member State**”), the Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Securities to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Securities which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (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 financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Securities to the public” in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, 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.

Cayman Islands

No invitation will be made to the public in the Cayman Islands to subscribe for any of the Securities.

General

These selling restrictions may be modified by the agreement of the Issuer and the Manager, including following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Securities to which it relates or in a supplement to this CLS Private Placement Supplement.

No action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this CLS Private Placement Supplement or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

The Manager has agreed that it will comply with all relevant laws, regulations and directives, and obtain all relevant consents, approvals or permissions, in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes this CLS Private Placement Supplement, any other offering material or any Final Terms, and neither the Issuer nor the Manager shall have responsibility therefor.

GENERAL INFORMATION

Authorisation and Consents

The establishment of the Programme and the issue of Securities under the Programme have been duly authorised by resolutions of the Board of Directors of BCCL on 4 August 2009 and resolutions of an authorised committee of the Board of Directors of the Bank on 31 July 2009.

The Issuers have obtained all necessary consents, approvals and authorisations in connection with establishing the Programme and will obtain all such consents, approvals and authorisations in connection with the issue and performance of each Security or Series of Securities issued under this Programme.

CLS Private Placement Supplement

If at any time the Bank or BCCL shall be required to prepare a supplement to the CLS Private Placement Supplement for any reason, the Bank or BCCL will prepare and make available an appropriate amendment or supplement to this CLS Private Placement Supplement or a further CLS Private Placement Supplement.

No Listing

The Securities will not be listed.

Form D Filing

The Issuer will file a notice with the SEC on Form D (within the meaning of Rule 503 under the Securities Act) with respect to each offering of Securities made in reliance on Regulation D under the Securities Act.

Documents available

For as long as this CLS Private Placement Supplement remains in effect or any Securities remain outstanding, copies of the following documents will, when available, be made available during usual business hours on a weekday (Saturdays and public holidays excepted) for inspection and in the case of (b), (c), (g) and (h) below shall be available for collection free of charge at the registered office of the relevant Issuer and at the specified office of the Issue and Paying Agent and, in the case of the Final Terms in respect of any Series, at the specified offices of both the Issue and Paying Agent and the Registrar:

- (a) the constitutional documents of each Issuer;
- (b) the documents set out in the section headed “Information Incorporated by Reference”;
- (c) all future annual reports and semi-annual financial statements of the Bank and of BCCL;

- (d) the Master Subscription Agreement;
- (e) the Master Agency Agreement;
- (f) any relevant Supplemental Agency Agreements;
- (g) the Master Deed of Guarantee;
- (h) the Deed of Covenant;
- (i) the current CLS Private Placement Supplement and any future supplements thereto;
- (j) the current Base Prospectus in respect of the Programme and any future supplements thereto;
and
- (k) any other future documents and/or announcements incorporated herein by reference.

Post-issuance information

The Issuers do not intend to provide any post-issuance information in relation to any issues of Securities, the Securities or the performance of any Reference Asset or any other underlying.

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ISSUER & GUARANTOR

BARCLAYS BANK PLC
REGISTERED OFFICE
1 Churchill Place
London E14 5HP
United Kingdom

ISSUER

BARCLAYS CAPITAL (CAYMAN) LIMITED
REGISTERED OFFICE
FirstCaribbean House
25 Main Street, George Town
Grand Cayman KY1-1106
Cayman Islands
British West Indies

MANAGER

Barclays Capital Inc.
745 Seventh Avenue
New York, NY 10019
United States

ISSUE AND PAYING AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon
101 Barclay Street
New York, NY 10286
United States of America

DETERMINATION AGENT

Barclays Bank PLC
1 Churchill Place
London E14 5HP
United Kingdom

LEGAL ADVISERS TO THE BANK AND THE MANAGER

in respect of English law and U.S. law:

Linklaters LLP
1345 Avenue of the Americas
New York, NY 10105
United States of America

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